FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-93-183
Thursday
23 September 1993

Daily Report
Latin America

FBIS-LAT-93-183 | CONTENTS | 23 September 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTER-AMERICAN AFFAIRS

Central American Presidents' News Conference *[Tegucigalpa Radio]* 1

CARIBBEAN

Cuba

Police Surround, Cordon Off Mexican Embassy *[NOTIMEX]* 6
  Official on Situation *[Madrid EFE]* 6
Havana Notes Yeltsin Economic Policy Change *[Havana TV]* 6
Two Traffickers Arrested, Given to U.S. Authorities *[Havana TV]* 6
Bishops' 'Provocation' Analyzed *[Havana Radio]* 6
  Similarities With Exiles Noted *[Havana Radio]* 9
Commentary Distinguishes Between Emigration, Treason *[Havana Radio]* 10
'Close Cooperation' With U.S. Scientists Lauded *[Havana TV]* 11
Refugees in Cayman Islands Claim 'Inhuman Treatment' *[CANA]* 11

Haiti

Aristide Favors Sanction Renewal Against Military *[Port-au-Prince Radio]* 11
Extraordinary Parliament Session Opens 21 Sep *[Port-au-Prince Radio]* 12
Neo-Duvalierist Party Inaugurates Premises *[Port-au-Prince Radio]* 12
  Stages Demonstration *[Port-au-Prince Radio]* 12
Socialist Deputies Seek Meeting With Malval, Cedras *[Port-au-Prince Radio]* 13
France To Provide 40 Million Francs in Aid *[Port-au-Prince Radio]* 13

NAFTA

Officials View NAFTA, GATT Status *[Mexico City TV]* 14
Venezuelan Foreign Minister on NAFTA, Integration *[Madrid EFE]* 15

CENTRAL AMERICA

El Salvador

'Approximately' 60,000 Public Sector Workers Strike *[San Salvador Radio]* 16
  Finance, Education Ministers Comment *[San Salvador Radio]* 16

Guatemala

Development Program Officials Hand Report to De Leon *[EL GRAFICO 21 Sep]* 16

Nicaragua

Transportation Strike in Northern Nicaragua Grows *[Managua Radio]* 17
  More Cooperatives Join Strike *[Managua Radio]* 17
  UNO Supports Strike *[Managua Radio]* 18
  MDSN Blames Government *[Managua Radio]* 18
  FSLN Blames President for Deaths *[Hamburg DPA]* 18
  FSLN Held Responsible for Death *[Managua Radio]* 19

FSLN Blamed for Disturbances *[Managua Radio]* 19
Government Ministry Statement *[EL NUEVO DIARIO 22 Sep]* 20
Finance Minister Urges Prudence *[Managua Radio]* 20
Agreement Signed *[Managua Radio]* 20
FSLN Encouraging UNO Participation in National Dialogue *[BARRICADA 19 Sep]* 21
UNO Leader: Time 'Not Right' for Talks *[Managua Radio]* 22
FSLN, Center Bloc Deputies Reject Constituent Assembly *[BARRICADA 22 Sep]* 23
President Chamorro Returns From CA-4 Session *[Managua Radio]* 23
* Topics of Concern for FSLN Congress 23
* Changes in Directorate *[BARRICADA 4 Aug]* 23
* Attention to Evangelists *[EL NUEVO DIARIO 3 Aug]* 24

Panama

Officials React to WASHINGTON POST Charges *[LA PRENSA 22 Sep]* 25
New Panama City Mayor, Deputy Mayor Appointed *[LA PRENSA 21 Sep]* 26

SOUTH AMERICA

Argentina

Ambassador Sees No 'Catastrophic Outcome' in Russia *[NOTICIAS ARGENTINAS]* 27
Government Expresses 'Support' for Yeltsin *[NOTICIAS ARGENTINAS]* 27
Political Cost of Fishing Agreement With EC Viewed *[CLARIN 20 Sep]* 27
Commentary Examines 'Political Future' *[LA PRENSA 21 Sep]* 28
Cavallo Says Bank's Sale of Dollars 'Totally Normal' *[BUENOS AIRES HERALD 22 Sep]* 29
Menem, Santa Fe Governor Sign Compensation Agreement *[NOTICIAS ARGENTINAS]* 29
Menem: Nation Wins 'Trade War' Against UK *[BUENOS AIRES HERALD 22 Sep]* 30
Enhanced Cooperation Planned With Chilean Armed Forces *[NOTICIAS ARGENTINAS]* 30

Bolivia

Foreign Ministry Voices 'Concern' About Russian Crisis *[La Paz TV]* 31
Under Secretary on Crisis Affecting Mining Sector *[La Paz TV]* 31
Government Increases Antinarcotics Presence in Yungas *[La Paz TV]* 31

Brazil

Government Repudiates Threats Against Caputo in Haiti *[Brasilia Radio]* 32
* Chamber Debates Electoral Reform Proposal *[VEJA 11 Aug]* 32
* Poll Favors Sarney Over All Presidents Since 1964 *[ISTOE 18 Aug]* 34
* Avibras Diversifies To Increase Profits *[GAZETA MERCANTIL 13 Aug]* 36
* Status of War Materiel Industry Surveyed 37
* Causes of Decline Viewed *[TECNOLOGIA & DEFESA Mar-Apr]* 37
* Bernardini Industria e Comercio *[TECNOLOGIA & DEFESA Mar-Apr]* 38
* Avibras Aeroespacial *[TECNOLOGIA & DEFESA Mar-Apr]* 38
* Moto Pecas Transmissoes e Engrenagens *[TECNOLOGIA & DEFESA Mar-Apr]* 40
* Mectron Engenharia, Industria e Comercio *[TECNOLOGIA & DEFESA Mar-Apr]* 40
* Embraer *[TECNOLOGIA & DEFESA Mar-Apr]* 41
* Aeromot Aeronaves e Motores *[TECNOLOGIA & DEFESA Mar-Apr]* 43
* IMBEL *[TECNOLOGIA & DEFESA Mar-Apr]* 44
* ENGESA *[TECNOLOGIA & DEFESA Mar-Apr]* 44
* Interview With Helibras Director *[TECNOLOGIA & DEFESA Mar-Apr]* 45
* Impact of Decline Viewed *[TECNOLOGIA & DEFESA Mar-Apr]* 48
* SCD-1 Successfully Completes Six Months in Orbit *[GAZETA MERCANTIL 11 Aug]* 49

Chile

Government Supports Yeltsin; Planned UN Speech Discussed *[Santiago Radio]* 50
Army Commander Pinochet Interviewed *[EL MERCURIO 12 Sep]* 50

Colombia

* De la Calle Says Samper Proposals 'Incoherent' *[EL TIEMPO 29 Aug]* 54
* Precandidates' Campaigns, Advisers Discussed *[EL ESPECTADOR 1 Aug]* 54
* Andres Pastrana on Political, Economic Issues *[EL PAIS 3 Aug]* 57

Ecuador

Constitutional Court President, Members Resign *[Quito Radio]* 58

Paraguay

Memo of Understanding Signed With Argentina *[ABC COLOR 15 Sep]* 58
Seifart, Di Tella View Need To Review Relations *[ABC COLOR 15 Sep]* 59
Islands Reportedly Occupied by Argentine Naval Troops *[ABC COLOR 21 Sep]* 60
    Island 'Invasion' Unconfirmed *[ABC COLOR 22 Sep]* 60
    Lack of Information Viewed *[ABC COLOR 22 Sep]* 61

Peru

Negotiations With Chile Over Lima Convention Examined *[CARETAS 16 Sep]* 61
* Progress of Alternative Cultivation Plan in Cusco *[CARETAS 12 Aug]* 62
* Shining Path 'Genocide Day' in Ayacucho Recounted *[SI 2 Aug]* 63
Navy Demonstrates Skill in Exercise With U.S. Forces *[LA REPUBLICA 11 Sep]* 64

Venezuela

Government Withholds Comment on Russian Situation *[Caracas TV]* 65
Government Ready To Begin PLO Diplomatic Contacts *[EL DIARIO DE CARACAS 17 Sep]* 65
Minister Convenes Air Force Generals After U.S. Trip *[EL UNIVERSAL 18 Sep]* 66
Foreign Minister Impressions of Cuban Situation *[Madrid EFE]* 66
Velasquez on Border Problems, National Security *[EL DIARIO DE CARACAS 18 Sep]* 67
* Caracas Governor Explains Budget Problems *[EL NACIONAL 7 Aug]* 67
* Fesilven, Sidor Heads on Restructuring Process *[EL NACIONAL 4 Aug]* 67
* Chavez, Arias Interviewed in Yare Prison *[EL NACIONAL 6 Aug]* 68

Central American Presidents' News Conference

PA2309023793 Tegucigalpa Voz de Honduras Network in Spanish 2100 GMT 21 Sep 93

[News conference by Salvadoran President Alfredo Cristiani, Guatemalan President Ramiro de Leon Carpio, Honduran President Rafael Leonardo Callejas, and Nicaraguan President Violeta de Chamorro with local and foreign reporters at the Santo Tomas Presidential Farm in Guatemala, including the reading of a joint "Declaration of the Central American-4 Presidents"—live]

[Text] [De Leon] My friends, local journalists and representatives of international news agencies, before we read the document I would like to state that, following an arduous meeting, which lasted all morning and part of the afternoon—we have just concluded. The Messrs. Presidents of El Salvador, Honduras, Nicaragua, and Guatemala met with members of the Central American Federation of Chambers of Industries. They informed us about the follow-up given to the issues presented in Amapala and their worries and observations about the protocol to the Central American Economic Integration Treaty. We also met with members of the Federation of Private Organizations of Central America and Panama, Fedepricap. They also outlined the actions carried out by the organization regarding integration and Costa Rica's admission to the process.

We met with representatives.... [pauses] with the secretary general of SICA [Central American Information Service] to give the Central American presidents information on the follow-up to the process for the consolidation of the Central American integration system. We were given information on the initiative for social regionalization through the plan Healthy Borders in Central America. Special emphasis was given to social development as a specific follow-up in the area concerning what was discussed and approved in the recent Ibero-American Summit held in Salvador Bahia, Brazil.

Within this first phase, we also met with the secretary general of SIECA [Secretariat of Central American Economic Integration] and the two assistant secretaries, who reported the progress in the negotiations for a consensus on the protocol to the Central American economic integration treaty and the possibility of signing it in the next Central American presidents summit. This was practically the main topic discussed during the meeting held today.

In the end we received the delegations' report to the presidents by the foreign ministers; communications, transportation, and public works ministers; health ministers; government ministers; Central Bank presidents; finance ministers; and economy ministers. I will now read the declaration issued by the presidents of the so-called CA-4 [Central American Group of Four]. It contains precisely the results of the follow-up given to previous agreements and the work carried out today. The document reads as follows:

Declaration of the CA-4 presidents:

The presidents of the Republics of El Salvador, Guatemala, Honduras, and Nicaragua, members of the CA-4, have ended a meeting at the presidential farm in Santo Tomas, Esquintla, Guatemala. The purpose of the meeting was to review and follow up on agreements adopted since the meeting in Nueva Ocotepeque, Honduras, which established the basis for a free trade zone that will permit the unification of customs tariffs in an effort to gradually achieve the economic integration of their countries. The CA-4 presidents agreed to issue the following joint declaration:

Whereas,

Joining forces in promoting development and fighting existing poverty in the region are priorities shared by our countries for the benefit of large segments of the Central American population and regional production sectors.

We reaffirm that the SICA is the best way to harmoniously promote and in a balanced fashion sustain social, cultural, and political development of member-states and the region as a whole from the Suchiate River to the Gulf of Darien.

We reaffirm our intention to contribute to achieving Central American economic unity in a gradual, complementary, and progressive way. Steps taken in that direction should be consonant with the needs of countries in the region.

We are satisfied with the work carried out within the established period by the SICA General Secretariat and the SIECA to adjust legal and institutional aspects of the draft protocol to the General Treaty for Central American Economic Integration. We are also pleased with the efficient work of the Central American economic cabinets in reviewing and harmonizing joint positions in order to facilitate the signing of agreements during the 14th summit of Central American presidents scheduled in Guatemala on 27 and 28 October 1993.

We are aware of the need to continue the gradual elimination of obstacles to the free exchange of goods and services and the free circulation of people and capital.

We agree:

1. Economic Issues

To acknowledge the results achieved at the meeting of Central American economic cabinets held 16 and 17 September at SIECA headquarters within the spirit of flexibility that will permit the consolidation and reaffirmation of regional integration efforts.

To reiterate our intention to sign the Guatemala Protocol to the General Treaty for Central American Economic Integration at the next presidential summit scheduled in Guatemala City.

To instruct economy ministers to convene a meeting of the Executive Council established by the General Treaty for Central American Economic Integration and to implement modifications proposed according to progress made in the revision of Annex A of the General Treaty.

That we are satisfied with the work carried out by the Honduran Government in reviewing a list of Central American products that have limited access to the Honduran market.

That economy ministers will be instructed to immediately form national commissions to monitor unfair trade practices so that necessary measures may be proposed and adopted at the next CA-4 presidential summit wherein unfair trade practices applied by third countries, particularly in textiles, shoes, leather, and rubber goods, may be eradicated.

That economy ministers will be instructed to reinforce joint mechanisms so that the North American Free Trade Agreement, signed by the United States, Canada, and Mexico, can become an opportunity for Central America's economic and social growth.

2. Communications Issues

To congratulate the Salvadoran and Guatemalan Governments on their bilateral agreement on construction of a bridge over the Paz River, thus linking the border posts of Valle Nuevo in Guatemala and Las Chinamas in El Salvador.

3. Social Issues

That effective 1 October 1993, we will establish free trade of pharmaceutical products included in the basic list of medicines for the first phase, consisting of 54 monopharmaceutical products [monofarmacos] manufactured in CA-4 countries without any restrictions and according to regulations established by the regional technical group.

To study and revise within the Central American Tariff System customs tariffs for food products and medicines in order to standardize them within the CA-4 group.

To strengthen each countries' regulatory health offices and laboratories in order to develop medication, food, and quality control at the CA-4 level.

To establish technical regional groups comprised of the area chiefs or bordering regions, with the support of SICA as well as other international organizations, in order to implement the Healthy Borders in Central America program sponsored by the CA-4 based on a primary attention strategy which must be presented during the next presidential summit scheduled for Guatemala in October.

3. [number as heard] Migration and Free Transit Issues

To adopt CA-4 loading and unloading permits, based on the Ocam [Organization of American Cooperatives] model, in order to expedite migration via air and sea ports in all member countries. For the same purpose, to adopt the CA-4 migratory information document per the model proposed by the Guatemalan delegation. These forms will be distributed free to the public. While the aforementioned migratory instruments are being implemented and specific procedures are being approved, it is agreed that the Salvadoran delegation will prepare a complementary part of their proposal to expedite exit and departure transit requirements for foreigners and nationals from all CA-4 countries through all air, sea, and land ports, and which will be implemented as of 15 October. We reiterate the existing prohibition on charges related to transit by individuals as well as vehicles, including those vehicles to be used to transport people.

To consider ourselves briefed on the report presented by the Guatemalan delegation on the processing of illegal immigrants, while at the same time asking the Honduran delegation to present a report during the next CA-4 meeting that includes recommendations on this issue, as they have had similar experiences.

To instruct government ministers to convene a CA-4 customs directors meeting at a border point within 30 days to discuss issues related to illegal immigration.

4. Foreign Relations Issues

To urge all sectors of Nicaraguan society to continue with their attempts to overcome their difference of opinions through dialogue.

To reiterate, through the region's foreign ministers, a statement of support which is in turn supported by the SICA general secretariat's cooperation, within the framework of Central American integration.

To support the consolidation process of the democratic institutions encouraged by President Ramiro de Leon Carpio in accordance with the political constitution of the Republic of Guatemala.

To instruct the CA-4 foreign ministers to continue, along with their counterparts throughout the entire region, deliberations aimed at establishing a Central American solidarity fund against poverty.

To instruct the foreign ministers to agree, during the next meeting of the UN General Assembly in New York, on an agenda for the next Central American presidential summit scheduled for Guatemala in October 1993.

[Unidentified moderator] Reporters, we will now begin the news conference. The procedure will be as follows: This microphone will be handed over to reporters, who will each raise his hand and identify himself by name and representing media. There will be another microphone in the rear of the room. I also want to announce that a copy of the declaration will be distributed in the next few minutes. Here at the front, on the left hand side.

there is a press department with telephone and facsimile lines for those who wish to send the information immediately. Several typewriters are also available.

[HRN reporter] HRN Voz de Honduras. No one raises any hands; well, we will now hear the first question from one of the reporters at this news conference. This is Voz de Honduras, we are now hearing the question being asked by one of the reporters. He asks about the document and about the resolve of the presidents meeting here in Guatemala. There is feedback [preceding word in English] at this moment. The question has to do with Costa Rica's participation in CA-4.

[De Leon Carpio, in progress] ...Costa Rica has presented several reasons through various channels, and a consensus of agreement has practically been reached over what Costa Rica has presented and I would say there is a 90-percent chance—I say this on a personal basis, but I await the reply from my colleagues on this—that Costa Rica will also sign. This is what Costa Rica has said; they are here not just because of the CA-4 meeting but Costa Rica's latest position, as stated by the Costa Rican president through the observations made to the document, is that they will sign as well.

[HRN reporter] I will now ask a question. I am [name indistinct] with HRN. Mr. Boris Yeltsin dissolved Congress, I am referring to Russia and also the Supreme Soviet. There is a crisis in that country. Will you issue any sort of statement? Did you notice that this took place, if so, did you discuss this? The other thing is whether you, Messrs. Presidents, are concerned about whether the U.S. Senate should approve NAFTA. Already, the Central American chambers of commerce have expressed their concern over the advantages that Mexico may offer in comparison with Central America.

[De Leon Carpio] Regarding the first topic, this was not discussed by us. We were aware, of course, but we did not discuss this. Regarding the second topic, this was mentioned and we are analyzing it and will continue analyzing it due to the possible repercussion it could have in the future on Central American area interests.

[Moderator] To expand on this second point we will hear Honduran President Rafael Leonardo Callejas.

[Callejas] We are aware of the affect NAFTA could have over the Central American area. We are backing initiatives that will allow Central America to join, directly or indirectly, this agreement so that the commitments and benefits included in NAFTA can be expanded or improved for the Central American region and the Caribbean basin. There are initiatives we have begun to review, one from a member of the U.S. Congress, Simmons, and another, an option proposed by the governors of U.S. southern states. These governors are proposing a meeting among Central American and Caribbean chiefs of state. This meeting would be held in Miami in December to promote a consensus. I would say that we need to look at this with a positive attitude, because Mexico is willing to join Central America in a free trade zone, and this is part of the negotiations that are under way. This means that Central America should seek the best options to enable it to enjoy these benefits.

There is resolve not to affect the Central American and Caribbean areas, but undoubtedly if these benefits do not reach Central America and the Caribbean, we will have the negative affect of having to compete with Mexico in trying to have greater foreign capital investments. Our position, therefore, is to continue efforts so there can be greater NAFTA benefits for Central America based on the already existing terms of the Caribbean Basin Initiative and the Enterprise for the Americas Initiative. [applause]

[HRN Reporter] We have heard statements by President Callejas. Now we will hear our colleague (Pedro Victor Susto).

[Reporter] First, how will Central America fare in relation to the North and South American blocs after this integration is accomplished? Second, we Guatemalans are very much concerned with peace, in addition to what was discussed today. Three of the four countries represented here are suffering from the problems of violence and the disturbance of peace. Have any efforts been made to attain this peace that Central America seeks so earnestly?

[De Leon] As for your first question, we are concerned about it and support initiatives to expand and protect Central America's interests. Economic blocs work throughout the world. This is precisely at what our integration process aims, to defend Central America's economic policies from other blocs through negotiations, to defend Central America's production interests and commercialization. As for your second question, we are all interested in it. This is why there have been expressions of solidarity with the Central American countries that are still experiencing difficulties with internal armed confrontations, like Guatemala, for instance, or other types of problems that can endanger the peace of a country and consequently Central America's.

Naturally, the situation in each country depends on what can be revealed regarding initiatives. I will mention Guatemala, where the government peace commission has already finished a document with the polished proposal. This final proposal will be presented to the Guatemalan president so that, in his capacity as Army general commander, he can study it and probably present it to the United Nations on 29 September. When I say he will present it, I do not mean he will do it personally, because if the situation in one of Guatemala's three state branches, specifically the legislative branch, is not settled, he could not obtain the necessary permission to leave Central America. Nevertheless, this would not prevent the foreign minister, acting on behalf of the president of the Republic and Guatemala, from presenting this document to the United Nations.

[Reporter] [Words indistinct] Central America is experiencing serious difficulties. Considering that you people have studied the problems in Central America and Guatemala specifically, what proposals or initiatives have you people studied carefully regarding the thousands of Central American immigrants in Mexico and mostly the United States, where they are in so precarious a situation, should the United States close its border and repatriate these Central Americans?

[Cristiani] This was not the only subject on immigrants that we discussed. An ad hoc commission has been instructed to meet and study the problem of illegal immigrants in Central America and propose mechanisms to check illegal immigration through our borders. El Salvador, which has a large number of citizens in the United States, has kept in constant touch with the U.S. Government to give our fellow countrymen opportunities and they are not repatriated. We have talked with the U.S. executive and Congress, which have supported a procedure to make legal the stay of Salvadorans in the United States. In this way, they could return to El Salvador voluntarily, not forcibly, seek a job, and live in the United States as best as possible.

We believe that this situation is fairly well understood by the U.S. Government, as far as the Salvadorans are concerned, and the treatment they are receiving is quite satisfactory.

[Moderator] We have been listening to President Cristiani addressing the issue of Central American immigrants in the United States. We will now hear from President Ramiro De Leon Carpio of Guatemala.

[De Leon] [Words indistinct] who, for several reasons, are in exile and continue to strive for conditions that will ensure respect for their human rights. There is a new element, however. We are trying to get the U.S. Government to establish certain conditions for these people to keep their current immigrant status, before the Guatemalan Government and the URNG [Guatemalan National Revolutionary Unity] reach a peace agreement.

When peace is attained, which we hope will be as soon as possible, we would like not to loose their present immigrant status immediately; rather, we would like it to be a gradual process, because the contrary could cause serious problems in Guatemala. Large numbers of Guatemalans would have to be repatriated, which would create economic problems for their families, themselves, and the country. The government, then, will continue to pursue this preventive measure through an agreement with the United States. When final peace is signed in Guatemala, we will be prepared to minimize the damage this situation could cause to the country, to the Guatemalans in the United States and the thousands of families who depend on them here.

[Moderator] We are listening to the news conference here in Guatemala, following a meeting of the CA-4 presidents. Let's listen to a question from one of the correspondents.

[Unidentified reporter] [Words indistinct] and how you will respond to the people's cries for the purging of the branches of government, specifically the legislative branch and the Supreme Court of Justice.

[Cristiani] I believe the statement is quite clear in saying that the three presidents have expressed our support for the institutional strengthening process to continue. This, of course, must be achieved within the framework of the Guatemalan Constitution. To that end, we have reaffirmed this position here today, as in the past.

[Unidentified CAMBIO 16 correspondent] What is the Central American presidents' position on the internal political situation in each country, the conflict between President Violeta Chamorro and Humberto Ortega, for example? Has this issue been addressed during the meeting?

[Cristiani] If you remember, the Central American countries [words indistinct] El Salvador, upon a request from Nicaragua, installed a commission consisting of our countries' foreign ministers to contribute to the search for a solution to the political problems in Nicaragua. The commission has reported back to us and given its appraisal. The good will of the fellow Central American countries will always be at the disposal of the people and government of Nicaragua to contribute to finding a solution to its internal problems, whenever the situation so requires and whenever the Nicaraguan Government so requests.

[Chamorro] I wanted to add that there have been no internal conflicts between Mr. Ortega and me. Those are things that have been made up. One thing is having to define the deadlines and limits one must impose upon certain individuals, and another is the way that action is interpreted. I thank all the presidents present here for the support I have received from all the Central American presidents and from other parts of the world. This represents support given to me and to the people of Nicaragua. So the conflict with Mr.Ortega is not really a conflict; it is something natural that goes on everywhere.

[Reporter] I am (Patricia Kane) from TIME magazine. This is a question for the president of Guatemala. What is your opinion on the peace proposal published today, written by Conciliator Monsignor Quezada Toruno?

[De Leon] I think that any effort at attaining peace, by any Guatemalan or any institution and even by any foreign person through mediation or initiatives, is welcome. We are analyzing it; we are studying it, but the Government Peace Commission has executed the next stage within the process and the strategy of the president of Guatemala, which began when I announced the original proposal to the Guatemalan people and the international community.

Today, in this second stage, we have gathered the opinions of the different sectors that form Guatemalan society. It has served as feedback for the original proposal. We now face an exact map of the situation regarding the different opinions, and, after this, the Government Peace Commission, as I said in the beginning when I was asked the first time with regard to this, has already prepared a document that will be presented on 1 October to the president of the Republic, as president and commander general of the Army, to be analyzed. Then we will present the official proposal.

I believe that all efforts are welcome, more so in this case, coming from Conciliator Rodolfo Quezada Toruno, and I believe that some of the aspects he includes in this proposal are also included in the proposal being prepared by the government and which will be announced, as I announced previously.

[Moderator] We heard the response from Guatemalan President Ramiro De Leon Carpio. We will now listen to a Guatemalan reporter.

[Unidentified reporter, in progress] ...Guatemala. Today, you are meeting with two Central American presidents, who have reached peace agreements in their respective countries and have reduced the size of their armies. When you reach a peace agreement here in Guatemala, will you reduce the size of the Army?

[De Leon] These are topics that are of an exclusively operative nature and which will be discussed after the peace proposal is presented and the peace talks between the URNG [National Guatemalan Revolutionary Unity] and the Guatemalan Government is restarted.

There are a number of topics that will be included in the talks, such as the Civilian Self-Defense Patrols, the situation of the Communities of Resistant People, and other topics that are intimately related to peace that do not necessarily have to wait for a peace agreement to be signed in order to be solved, as in the case of the CPR, but which have in some way been included and which the URNG intends to include.

In the case of the conditions for demobilizing, disarming, and reduction, these topics will be discussed, and decisions in this regard will be made when a peace agreement is signed.

[Reporter] Messrs Presidents, (Enrique Breberfam), Cadena Radio Centro, International Spanish Network [preceding three words in English]. Unfair trade in Central America has been one of the main obstacles to Central American integration. Did you discuss that topic today and did you reach any solution so that integration is more viable?

[Moderator] Asked about the point discussed regarding the economic integration, Salvadoran President Alfredo Cristiani comes to the microphone.

[Cristiani, in progress] ....that there is concern for the unfair trade there may be, mainly from third countries, to the Central American region, and the economic cabinets have been instructed so that the next meeting may present a specific plan to deal with those products that may bring measures of unfair trade.

[Moderator] Let's see which president will expand on the question. No one. We continue with another one of the reporters attending this news conference.

[Reporter] President Violeta de Chamorro, a question from CROMOS magazine of Colombia and regional newspapers.

Until a short while ago, you had cogoverned peacefully with General Humberto Ortega. It has been said that there has been pressure from the U.S. Government to break with him and that the aid for Nicaragua has been conditioned to this. How true is this?

[Chamorro] Pardon me, sir. I respect Colombia very much and I have many Colombian friends and reporters.

I want to tell you first of all that I was elected by popular vote in Nicaragua and have never cogoverned with the Ortegas. Second, I do not accept any pressures from any country to direct my country. I received my country in bankruptcy; we are bankrupt, but we are working for the dialogue. First of all we are working for demilitarization, arms reduction, and the removal of a bunch of things that many of you may or may not have. I want to tell you again that I do not cogovern but govern.

Cuba

Police Surround, Cordon Off Mexican Embassy

PA2209160393 Mexico City NOTIMEX in Spanish 1506 GMT 22 Sep 93

[Text] Santo Domingo, 22 Sep (NOTIMEX)—Today, police sources confirmed that a contingent of national policemen have surrounded and cordoned off the Mexican Embassy in the Dominican Republic. The embassy has been occupied by a group of 72 Cubans since 16 September.

A police colonel told the media that no one will be permitted within 100 meters of the Mexican Embassy for any reason. He indicated that embassy workers will not be permitted to pass into the embassy. "The seizure of the embassy was a mistake that is not justified under any circumstances," Giselda Hidalgo, the director of a human rights organization of Cuban exiles in Miami, said after police prevented her from approaching the Mexican Chancery.

Official on Situation

PA2209161193 Madrid EFE in Spanish 1951 GMT 21 Sep 93

[Text] Santo Domingo, 21 Sep (EFE)—Today, Deputy Foreign Minister Fabio Herrera Cabral reported the Dominican Government is not negotiating with the 72 Cubans occupying the Mexican Embassy in Santo Domingo in its efforts to convince them to leave the premises.

The Dominican executive branch official said there are two options: wait until the Cubans leave the diplomatic mission or evict them through the use of public force, if Mexican Ambassador Fernando Benitez Gutierrez requests it. Moreover, he ruled out the possibility of meeting a request from Santo Domingo's Cuban community, which asked the government to deliver the Cubans to international waters for their transfer to the United States.

Herrera Cabral warned that the status of Ana Iris Rojas, 23, and Martin Rojas, 25, the Cuban parents of the boy who was born this morning at the Armed Forces Central Hospital in the Dominican capital, has not changed, even though the baby was born in Dominican territory.

Havana Notes Yeltsin Economic Policy Change

FL2209155493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 13 Sep 93

[Text] Russian President Boris Yeltsin has opted for a faster track in establishing a market economy while moving away from the possibility of easing the effects of that so-called shock therapy. According to an INTERFAX report from Moscow, Yeltsin, to avoid causing International Monetary Fund uneasiness, avoided signing a plan that would give greater subsidies to the state sector and, apparently, abandon budgetary austerity.

With such steps, he moves farther from the parliamentary position which recommended a more gradual timetable to avoid irritating the populace. The plan will be redrafted for review by the directive overseeing the privatization of state enterprises. According to the INTERFAX report, Yeltsin has thereby postponed a decision that is viewed as a key element in the development of economic reforms, when everything seemed to indicate that he was turning toward a more moderate approach.

Two Traffickers Arrested, Given to U.S. Authorities

FL2209133893 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Sep 93

[Text] Cuba allowed agents from the U.S. antidrug agency to pick up two drug traffickers who entered Cuban waters during a boat chase last month. The traffickers, of Cuban origin and residents of the United States, were aboard a speed boat and trying to retrieve several cocaine shipments dropped from an airplane when they were detected by the U.S. Coast Guard. In their attempt to flee, the two men sought refuge in Cuban waters; but they were arrested by Cuban authorities and turned over to the U.S. Government today.

Bishops' 'Provocation' Analyzed

FL2209231393 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Sep 93

["Text" of commentary by Lazaro Barredo in TRABAJADORES newspaper, published on 20 September: "Reflection on Bishops' Provocation"]

[Text] Over the past few days, the international news agencies have been carrying certain openly aggressive and counterrevolutionary statements by the Catholic Church hierarchy that give rise to the following thoughts, independent of whatever opinion of this disgraceful behavior the nation's political and social authorities, who have been totally engrossed lately in many arduous battles, may hold or may express.

People, who have never shared the patriotism and national identity of many devout Catholics and who have always been involved in mediocre tribulations, closer to the United States than to the Cuban nation, are now trying to set themselves up, in a sibylic manner, as the protagonists in an alleged change in the apparent values of charity and solidarity.

It is too great a coincidence for these people, who claim to be enlightened and to constitute the nation's critical conscience, who have historically been accomplices of all the nation's enemies, to be advocating from their pulpits, as Catholic leaders, the euphemism known as a call to love, reconciliation, dialogue, and longing for an allegedly ideal past. Such words are very attractive to those who are busy trying to make the Cuban Revolution disappear from the face of the earth.

The U.S. intelligence services could not have been given a greater bonus. For several months now, they have been orchestrating an intense international campaign, within their strategy of aggression against Cuba, aimed at confusing and dismantling the growing movement of solidarity toward the Revolution by detracting from the reality of the historical confrontation between the United States and Cuba in order to present this confrontation, instead, as a problem among Cubans.

The demobilizing message of loving instead of rejecting those who aggress against us, the demand that one love one's enemies, based on the opinion that we Cubans are no longer who we used to be and do not have the friendly, easy-going nature, with little resentment or desire for vengeance that, years ago, was expressed in the affectionate phrase "my family," is an idea totally lacking in realism, which can be understood only as a work of undermining in advance, in the light of the possible conclusion by said hierarchy that the Revolution will not be able to overcome its great current difficulties.

In doing this, they are giving free rein to a frenzied lust that makes them believe the fanciful dream of a return to the past, that the triumph of imperialism and the counterrevolution is finally about to become reality, an imperialism and counterrevolution of which they think they can today be valuable and privileged instruments.

It must be recalled with complete serenity that, if there is anyone who has again and again made all possible efforts to overcome the climate of prejudices and half-truths left by the history of the Catholic hierarchy during our struggles for liberation, it has been the Revolution itself, whose flexibility has been characterized by a positive broadmindedness despite the fact that it has not always encountered sufficient receptivity in view of the current hierarchy's stance, as well as its presumption in laying out political guidelines, distortions that are truly unacceptable because of their lack of honesty and their bad faith.

What goal is being pursued, by contrasting that so-called love of God to love for the fatherland? A return to the decade of the sixties and deliberately ignoring the postulates of the Gospel? Contrasting God's principles with the principles of the Revolution?

Like Marti, we too are impassioned lovers. We dearly love those who step forward in defense of our country, and censure those who slander and dishonor it because freedom is very costly and one must either resign oneself to living without it or decide to buy it, regardless of its price.

However, also like Marti, we say that love for the fatherland is not a ridiculous love for the land or the grass that our feet tread. It is an invincible hatred for whoever oppresses it, everlasting resentment against whoever attacks it.

It is symptomatic that this hierarchy, which claims to be greatly worried about the national situation, does not come out in favor of calling on the President of the United States to engage in dialogue with Cuba without conditions so as to begin seeking, in a sensible and civilized manner, a solution to that historical confrontation.

Or does it not count that, since back in the past century, our march toward the achievement of national liberation has been indissolubly linked to the determination to prevent annexation or political and economic domination by the United States, thereby ensuring the safeguarding of our nationality and sovereignty? Is the subjectivity so great as to ignore the fact that the United States has always been the principal enemy of Cuba's existence as an independent nation?

Cuba, and the hierarchy knows this full well, is not closed to dialogue with the Cuban community abroad, and in fact entertains such a dialogue with many political and business sectors that differ with some of our ideas but have no ties to the CIA or to the policy of blockade and aggression against our country. With whom do they wish us to engage in dialogue? With the terrorist organizations that, with various facades and encouraged and supported by the most reactionary forces in American society, operate with total impunity and constantly violate God's commandments within that very community itself and against the Cuban people, including all believers?

Furthermore, one may ask oneself why, if the hierarchy once considered the criminal blockade a blockade, it is now calling the blockade an embargo and is suspiciously and hypocritically softening the terminology. Could it be because they approve of that policy of siege and strangulation that seeks to make the Cuban people surrender out of hunger and illnesses, as the most recent of the causes giving rise to our difficulties? Or worse yet, is it an attempt to minimize, even justify, such a policy? Or could it be because, deep down, they really agree with the imperialist policy of intensifying the blockade so as to destroy the Revolution, once again turn us into a colony, and impose upon us, as an instrument, a so-called Yankee-style democracy?

The Catholic hierarchy's strictly political incursion into the national reality gives one much food for thought. A report published in the past by TIME Magazine regarding a conspiracy by the Catholic hierarchy of Poland and the CIA to destroy socialism in Poland cannot be overlooked. In Poland, however, the Catholic Church had played a historic role against foreign domination during the long process of national liberation, a role very different from the role played in our country by the Catholic hierarchies, which in the past were always on the side of the Spanish metropolis, and, later, at the side of neocolonialism and imperialism.

Given the unbridgeable difference that Cuba is Cuba [and not Poland], and its heroic resistance has proven this, who can doubt that, basically and in a fully opportunistic manner, the hierarchy is openly placing itself at the side of the most aggressive of policies toward Cuba and at the service of the schemes for intervention for allegedly humanitarian reasons worked out by the Pentagon and the U.S. intelligence community?

Over the past few years, I have followed, step by step, all the trends in the United States' policy against Cuba and its principal theses, which I have published in dozens of articles and commentaries in different press organs. One cannot fail to note that, in its essential ideas, the document from the Catholic Church hierarchy, like a carbon copy, upholds the exact, same premises as those held by the United States: for example, a marked, dogmatic, inflexible determination to present everything we do as having failed, and to do so with total disregard for the historical and current causes of our situation, even though they have, more than once, admitted that they are not qualified to appraise the reality.

The Catholic hierarchy, which did not act with critical conscientiousness against the assassinations and massive repression under Batista, which did not criticize the other forms of aggression coming from the United States, the barbarity of which has thrown thousands of households into mourning, is now concerned about the energetic popular reaction against vandalism and crime, which our people demand be fought in the most energetic way, and [the hierarchy] is trying to present, abroad, an image of our society as being a repressive, apocalyptic society.

What differences are there between these catastrophic visions of the bishops and the testimony given by high-ranking U.S. military leaders before Congress in the past year with the obvious intention of justifying an intervention in our country?

The church hierarchy is not isolated from the outside world; it knows full well that despite the extremely strong economic crisis the nation is going through, there is no other country in Latin America that can exhibit a situation of such great political stability and social justice, the result of the heroism and support of a revolutionary population.

In their clumsy political pamphlet disguised as a pastoral letter, the bishops also speak negatively about the relations Cuba had with the former USSR. They call them "foreign intervention" and attribute our current problems to the fact that the Revolution was forced to go seek a solution to those problems whence they did not arise, and was forced to deal with people unfamiliar with our reality because they are far from our geographical area.

Thus, our having been caught in the middle of the policy of blocs is the Revolution's fault! Imperialist aggressions apparently never existed. Such superficiality does not hold up to the slightest analysis. Perhaps since the Catholic hierarchy was so implicated in the United States' aggressive policy in the sixties and applauded the measures of economic strangulation and others that the cessation of the sugar quota, and of the supplying of oil, medicines, and foodstuffs, entailed, as well as the military threats; the armed groups; the pirate attacks and the Bay of Pigs invasion by mercenaries, accompanied by overt military chaplains; the breaking of all kinds of relations by Latin America, with the exception of Mexico; and a period in which the only friendly hand was extended from overseas, now the bishops want to write a new version of history.

This is not the time to go deeply into the many disagreements there were between the USSR and Cuba. However, if there is anything that works in favor of our political independence, it is the fact that what has most bothered every U.S. Administration has been the paradox that, although Cuba is a small country, it has had such a distinctive foreign policy and international impact that many U.S. analysts described it as a great power.

Like the counterrevolution, the church hierarchy concludes that we are operating within the extremes of mendicancy, help from certain foreigners, and interference by certain other foreigners. We Cubans are so inept that we leave it to foreigners to solve our problems: foreign solidarity, foreign investment, money from those who live abroad, etc.

All those things said in order to resort to this riddle that is so disrespectful to Cuba's dignity! Solidarity with the Cuban people in these moments of extreme need is a beautiful gesture, an expression of support for the people of Cuba, one which we greatly appreciate. Nevertheless, this solidarity could generate in us a kind of passivity and tacit acceptance of the root causes of the problems.

Not even assuming the Catholic hierarchy to have even a minimal dose of good intentions can we accept such a simplistic analysis, for its analysis could not be more simplistic. Perhaps it is because of these ideas that the Catholic hierarchy, unlike the entire Cuban population, including believers from the most diverse denominations, among them Catholics, said not a single word in favor of the noble and courageous action by the Pastors for Peace, who in Laredo went on a hunger strike for 23 days to fight the blockade against Cuba in a dignified and exemplary manner.

The odd idea of the pauper state is too extravagant a fiction and is unable to sustain the most basic analysis. What people would be able to survive the brutal attack of a superpower unless it stood up on its own instead of depending on the efforts of others? Solidarity has certainly been like oxygen for the Cuban people but as an expression of moral significance, not a significant material outcome. On the other hand, to confuse with panhandling the solidarity needed and being received is truly ignoble and treacherous and dismisses the great solidarity Cuba has shown and is showing to the world by heroically resisting. What we should ask the bishops,who used to complain that this was a closed society and now criticize Cuba for trying to open up as much as needed, is how can a country under siege, with its markets upset, unable to obtain international credit, and having abruptly lost its natural markets, find an immediate solution to increased consumer needs when it also needs to develop and is hampered by the cost of independence in political terms?

How else could we, in the midst of a fierce blockade, have a growing flow of stable currencies to provide those basic needs and continue increasing the funds for development? Additionally, what are the goals of the latest decision made by the Revolutionary government in an effort to adapt to reality without abandoning the principle of independence, and what are the current conditions the nation has to face to survive while aiming for economic reactivation and the recovery of production, which are truly difficult under the present circumstances?

To the hierarchy, the Revolution is responsible for legal and illegal emigration. Once again, they suffer from short-term memory. They overlook the fact that since the beginning of the Revolution, U.S. leaders have not only quashed bilateral relations, but turned the emigration issue into a subversive political component and a tool of aggression by, first, giving shelter in that country to those who carried out thousands of crimes under Batista; and later, by promoting large-scale emigration to deprive us of doctors, engineers, teachers, technicians, and trained workers; and finally, by obstructing as much as possible the free flow of people toward the United States for family reunification in order to boost the "show" of illegal departures and desertions, create domestic difficulties for Cuba, and develop an international campaign to distort and damage the image of Cuba before the world.

The hierarchy forgets that they were tools of that policy when they were the intermediaries of the U.S. State Department to get 15,000 children out of Cuba without their parents in the so-called Peter Pan Program between 1960 and 1962. In any case, why point a finger at Cuba, which has one of the smallest emigrations to the United States in comparison with other Latin American countries, when it is a fact that that is the nation that attracts the most immigrants due to the colossal economic resources that it has gathered by looting the world.

The Revolution has never sought to separate devout Catholics from this patriotic effort aimed at effecting a profound transformation of the national reality. That respect has always been sincere, although in my opinion, the bishops, behind the back of (lagrey), claim to have their feet planted on our soil but their minds and hearts are not in Cuba. The document of the hierarchy, already exploited in a smear campaign against Cuba, only expresses hatred and resentment. The first thing they did was to release the document to international media agencies. They hardly acknowledge our accomplishments. Everything among us is discontent, uncertainty, hopelessness. Resistance is futile. This is not a disease-free or entirely free country, and what our society advocates is a false man. The politics of the official ideology are exclusivist and omnipresent. People live in fear, and there is an informant in every family. We do nothing but discriminate for reasons of philosophical and political ideas or religious creeds.

What are the alternatives the bishops propose? The same as the empire: A multiparty system, sharing the Revolutionary government with the counterrevolution, while releasing from prison thieves and murderers, together with CIA terrorists and spies. Marti said that political art lies in folding and molding. Only in the essential ideas of dignity and freedom should one be forbidding like a porcupine and straight like a pine tree. We have never hidden our defects and imperfections. Our political will has always advocated a process of democratization with room for every patriot and consequent mass participation in the affairs of the state and government.

Yes, we are monolithic, but before our enemies. Yes, we are monolithic, but in the will to defend the Revolution, although our lives are not homogeneous. We are not all the same. We have opinions, points of views, ideas, and very different notions, but the value of that ethic to preserve independence, sovereignty, and all the justice of the Revolution is worth more because we believe in the true fate of Cuba.

The step taken by the bishops in their so-called call to love is really a deliberate and unfounded provocation against the Revolution. It is an attempt to undermine the needed unity and morale of our people. In our people, precisely lies our strength, the capacity to change and proceed with the harsh tests of this difficult moment, resist and move ahead with new ideas and courageous measures that reality makes necessary. I can only interpret their conclusion as a treacherous plot against our hope. The love of the bishops is not the love of Abel. It is the treachery of Cain. Is the knife rammed in the back at the hardest, most decisive, and heroic moment in the history of Cuba. It is to join the imperialist idea of seeing Cuba immersed in blood.

Similarities With Exiles Noted

FL2209171793 Havana Radio Rebelde Network in Spanish 1155 GMT 22 Sep 93

["Our Opinion" commentary by Joaquin Crespo]

[Text] The high-profile coverage given the pastoral letter from the Cuban bishops by radio stations and certain organs of the press in Miami, Florida that are unreservedly in favor of the old idea of annexation, reveals a convergence of interests that illustrates the old saying: "Tell me who you run with and I'll tell you who you are."

Although everybody knows full well that there are no differences between Catholic believers and the Cuban Revolution because those two camps are united by the same desire to see the nation attain spiritual and material well-being, the high-ranking episcopal hierarchy has fallen out with both and has fallen in with the most spurious of designs.

The pastoral letter launched from the pulpits last Sunday in the churches of Cuba was, hours earlier, analyzed in detail by Miami radio stations known for disinformation and for constant calling for terrorism, weapons by means of which they have been trying unsuccessfully for the past three decades to divide a united population.

The MIAMI HERALD, one of the dailies most often guilty of visceral hatred against anything it thinks might constitute even a whit of social progress in our country, extolled the message from the episcopal conference. It even went so far as to maintain that those bishops are destined to play a role similar to that played by their colleagues in Warsaw, without analyzing and seeing that Cuba is not Poland, something even the Europeans themselves know.

Another medium that arouses contempt in us because of its inaccuracies and its eternally anti-Cuban policy, the inappropriately named Radio Marti, broadcast the bishops' text during its main programs for several days before the bishops themselves made it public; and, as if everything were part of a single plan, the more than 20 radio stations in Florida that are operated by enterprises of well-known origin and subsidized by small reactionary splinter groups such as the so-called Cuban-American Foundation belonging to Jorge Mas Canosa, close ally of George Bush's failed Republican policy, joined the show.

Could it be that that entire slew of annexationists, which the great majority of the Cubans who have emigrated, themselves, abhor, is united by those same interests the bishops have set forth? Otherwise, how can we explain both parties' taking similar positions, positions from which Cuban parishioners, who alongside the Cuban people extoll a sovereign and independent nation, are openly poles apart?

The concurences between the bishops and election advocates [eleccionistas] are quite clear and leave no room for doubt. That is how things were in the past century and that state of affairs culminated in the imposition of the reason and truth that characterized the apostle, Jose Marti, concurrences which are today being repeated, at moments historic for Cuba.

Commentary Distinguishes Between Emigration, Treason

FL2309020093 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Sep 93

[Luis Cesto Commentary]

[Text] We must distinguish between emigration and treason. An emigrant and a traitor are not the same even if at some point the two meet. Cuba is mature and enlightened in its judgment of emigration. Let no one be confused in analyzing the true reasons of the majority who emigrated and those who emigrate. Emigration takes place because the emigrant hopes to do better or wants to try his luck in a land that from abroad offers the options of a dream: the appeal of a promised land.

The same factors that usually influence the common and generalized act of emigration in other places predominates in Cuba. From a poorer country or a less wealthy country, thousands of people leave full of hope toward a richer country, leaving behind a place they believe is incapable of satisfing their essential desires. In short, emigration is a phenomenon inseparable from a world with unfair distribution of wealth.

Cuban emigration is not political. For many years, the enemies of the Revolution have tried to make it a political issue. After the first stage, in which the classes and castes overthrown by the Revolution opted for exile, the following phases of emigration were moved, unquestionably, by economic reasons. On the surface it seemed that crossing the Straits of Florida was an act that implied the taking of sides. Making the flood of emigration seem a sign of discontent or dissidence was, and is, part of the strategic goals of the enemies of the Cuban Revolution.

To achieve those propagandistic goals, the U.S. Government eased procedures during the first few years of the Revolution. Never before had the United States been so generous regarding immigration issues. Later, over the last few years, while encouraging emigration, the United States would hold it back and block it in order to promote desertions, illegal departures, and tragic or dramatic acts that could be seen as a politically motivated decisions.

Today, it is very difficult for a Cuban to obtain a visa to enter U.S. territory. On the other hand, if they irresponsibly embark on a boat or raft, or hijack any type of vessel, they are automatically admitted into the so-called American dream. As we can see, making it a political issue is obligatory.

There are still reasons to emigrate from Cuba. Despite everything the Revolution has done to transform society and boost honor to sustain the Cuban people, the premises for emigration have been deepened by our condition of being a poor, developing country, the hostility that blockades us, and the events that eliminated the European socialist community and the former USSR.

There are Cubans who would like to give a better life a shot. That is their right. Now, we must distinguish between emigration and treason. Cuba will never be able to justify or understand treason. Treason does not have the same economic conditions of emigration. Perhaps, it is possible for a traitor to have an excessive material urge deepdown, and economic lust degrades him even more. It makes him more despicable.

The traitor will never be able to hope for a benevolent trial. Dante unequivocally placed traitors in hell. Let those who pay them applaud them. Cuba condemns them because a traitor is he who until a few hours ago enjoyed our and the fatherland's trust, rank, and position, yet hijacks a fighter plane or deserts taking advantage of a work trip abroad. The essential motives of a traitor are cowardice and moral decay. A traitor is a mercenary. Mercenaries are and will always be abominable beings.

'Close Cooperation' With U.S. Scientists Lauded

FL2209155293 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 Sep 93

[Text] Cuban and U.S. specialists have evaluated more than 300 control cases of the neuropathy syndrome epidemic in Pinar del Rio Province. Our reporter, Gloria Luraz, interviewed Dr. Gustavo Roman, international consultant to the World Health Organization and the Pan American Health Organization, on his views of the work that is being done there:

[Begin recording] It is a study that I would characterize as a huge success. On the one hand, it is the first time in many years that there has been such close cooperation between a very large group of Cuban researchers and U.S. scientists, from the Centers for Disease Control in Atlanta and the National Health Institutes of the United States, which has allowed us to work shoulder-to-shoulder to find a solution to or search for possible causes of this neuropathy syndrome epidemic in Cuba.

On the other hand, I believe it has also been an opportunity for the U.S. specialists, who participated in this study, to learn from their Cuban colleagues about medical developments in Cuba and the achievements obtained in the medical fields, to see the results of the preliminary research that had been carried out, and to learn many important aspects of the application of science and technology in the Cuban medical field. [end recording]

Refugees in Cayman Islands Claim 'Inhuman Treatment'

FL2309013793 Bridgetown CANA in English 2011 GMT 22 Sep 93

[Text] George Town, Cayman Islands, Sept 22, CANA—Cuban refugees living in a government-funded facility for refugees have charged they are getting "inhuman treatment" from the Cayman Islands Government.

Refugee Tony Estete, an unofficial spokesperson for the 44 refugees incarcerated in the "tent city", said the Cubans have been inside the camp for three months "and we haven't seen freedom yet." Estete said there was a period of 10 days when no lunch was served in the camp and many times there were no diapers for babies. He also claimed that when the Cubans are allowed to leave the compound, immigration officers follow them to make sure they are not working illegally.

One 65-year-old refugee was caught sweeping out the truck of a friend. Estete said immigration officers chained him to a fence for an hour in hot sun as punishment. "What they never did to him in Cuba, they did to him here," Estete said. He also said seven other Cubans have had their passes to leave the camp revoked. The Cubans are allowed out of "tent city" for several hours during the day but are not allowed to work.

Five Cuban men have shaved their heads to protest their incarceration in the barbed wire encampment of tents on dry land that "literally bakes in the hot tropical sun." The camp is surrounded by a mosquito-infested swamp that drives the refugees into their sweltering tents both day and night, Estete said.

Social Services Director Angela Martins denied all allegations and said she had no knowledge of any handcuffing incident. "There is absolutely no shortage of any necessities. There are copious amounts of food... and I never heard of lunch not being available," Martins said. Martins acknowledged some Cubans have had their passes revoked temporarily after they were found working at odd jobs in violation of their status as refugees.

Haiti

Aristide Favors Sanction Renewal Against Military

FL2209173493 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 93

[Text] On 21 September, restored President Jean-Bertrand Aristide said he would be favorable to the resumption by the UN Security Council of the economic sanctions against the military authorities who, he says, hold the keys to violence in Haiti. Furthermore, President Aristide explained, while answering journalists' questions after a meeting with the Trans-Africa Organization, that he has respected the Governors Island Agreement and that the agreement provides for the resumption of economic sanctions against the de facto authorities in Haiti if human rights violations occur during the period of democratic transition. President Aristide reiterated his call that an immediate sanction be considered against the military, which participated in the putsch that overthrew him in September 1991.

We point out that Trans-Africa is a U.S. lobby for the defense of Africa and the Caribbean. President Aristide was assisted by black congressmen, including Charles Rangel, during this news conference. He did not say exactly whether he intended to come back to Haiti despite the climate of violence. Without an embargo [as heard], he added, we rely on the support of President Bill Clinton, the international community, and the Black

Caucus to apply pressures to facilitate the restoration of democracy, unquote. [no opening quote as heard]

Extraordinary Parliament Session Opens 21 Sep

FL2209171593 Port-au-Prince Radio Metropole in French 1045 GMT 22 Sep 93

[Excerpts] [Passage omitted] It happened twice. But on the third try, they succeeded with great difficulty, of course. Because three calls were necessary to gather the 41 deputies necessary for a quorum. On the Senate side, the required new quorum of nine was largely passed. At about 2100 GMT [on 21 September], the session was finally opened to the applause of deputies close to the government, a sign of satisfaction for a bet won. The National Assembly session lasted only a few minutes, just time for President Firmin Jean-Louis to declare the extraordinary session open, in accordance with the convocation of the president of the Republic. In his brief address, Senator Jean-Louis congratulated the legislators who helped the opening of the session. He noted the feeling of uneasiness that pervades the parliament once more.

The senator/president furthermore confirmed that the decree on amnesty for the authors of the coup d'etat will be issued before the end of this week. [passage omitted].

Now that the extraordinary session of the parliament is open, senators and deputies are working in separate chambers. The minister of justice has been invited to present, on 22 September, the bill separating the police from the Army. Meanwhile, a question is being asked: Will a new operation be necessary to gather the required number of deputies to continue the work and achieve a vote on the various laws to be examined during this extraordinary session? Because the majority of the 49 deputies who had given their vote of confidence to Prime Minister Robert Malval is about to crumble. Some of the legislators accuse the government of not knowing how to maintain the majority, most of whom were renegades from the Alliance bloc. We notice that the initiatives from the executive are not unanimous in its own camp. Former Senator Wesner Emmanuel, in charge of harmonizing relations between the executive and the legislative, confessed that the situation is difficult. He announced, however, that the government was going to examine the legislators' demands. [passage omitted].

It should be recalled that the legislators must also examine the budget for the year 1993-94 during this extraordinary session.

Neo-Duvalierist Party Inaugurates Premises

FL2209203893 Port-au-Prince Radio Metropole in French 1600 GMT 22 Sep 93

[Report by Mobile Units 18 and 3 on demonstrations by the Assembly of Democrats for the Republic and the Revolutionary Front for the Country's Progress—live]

[Text] We are going to get in touch with our reporters in the streets of Port-au-Prince. They are announcing that a new party has come into being today, the Assembly of Democrats for the Republic [Rassemblement des Democrates pour la Republique, RDR]. This party has launched a demonstration in the streets. Let us listen to Mobile Unit 18.

[Mobile Unit 18, with uproar in background] The Assembly of Democrats for the Republic, a neo-Duvalierist party, inaugurated its premises today. Their statements are virtually identical to the 1957 ideals. This party demands that Duvalierists again take power in Haiti. At this time, over.... [pauses] hundreds of demonstrators are now gathered before the former annex of the Port-au-Prince City Hall where they are using the 1957 slogans. A black and red flag marked with the guinea-fowl insignia and conches was just hoisted here at the Bicentenaire. For the moment, the demonstrators are preparing to go to the Champ-de-Mars where we will find Mobile Unit 3.

[Mobile Unit 3] Thank you, Mobile Unit 18 [words indistinct], a police operation [words indistinct] dropping doves, a movement launched last week by an organization called the Revolutionary Front for the Country's Progress virtually agrees with this new political party that has come into being today in Port-au-Prince. [words indistinct] also at the National Pantheon Museum [MUPANA] where an exhibition in honor of Francois Duvalier, former president of the Republic of Haiti, will take place. A space will be reserved for Dr. Francois Duvalier, former president of the Republic, [at this museum] from now on, according to a communique issued by the management of MUPANA.

We have learned that this exhibition will begin here at the MUPANA premises at 1700 GMT. We are therefore going to remain in the Champ-de-Mars. We ask the listeners of Radio Metropole to stay tuned because we are on the spot to cover these events for you.

Stages Demonstration

FL2209223993 Port-au-Prince Radio Metropole in French 1800 GMT 22 Sep 93

[Text] Pro-Duvalierist demonstrations were staged this morning in the Haitian capital. The demonstrations took place during the inauguration of the new premises of a neo-Duvalierist party, the Assembly of Democrats for the Republic, RDR, during a special exhibition on the Duvaliers in the MUPANA [National Pantheon Museum]. Edner Jean reports live:

[Jean] Two segments of today's demonstrations are over. The first event, inauguration of the headquarters of the neo-Duvalierist party, RDR, whose president claims the spirit of 1957, during which they displayed the black and red flag stricken with the guinea fowl, as well as the effigies of 1957. Later in the day, these same demonstrators went to the Oxide Jeanty kiosk where they released doves as a sign of peace.

It should be pointed out that these demonstrators were divided into two groups. The demonstration staged at the Oxide Jeanty Kiosk was organized by FRAP [Revolutionary Front For Haiti's Progress], the other one by RDR. At this moment, some of the demonstrators are heading toward the MUPANA to participate in the exhibition on the reign of Duvalier.

Edner Jean in the streets of Port-au-Prince for Radio Metropole.

Socialist Deputies Seek Meeting With Malval, Cedras

FL2209224193 Port-au-Prince Radio Metropole in French 1600 GMT 22 Sep 93

[Excerpt] The socialist deputies wish to meet Prime Minister Malval and General Cedras. The head of the government and the Army commander in chief were contacted about these proposals in letters addressed to them by the socialists. The socialists expressed their anxiety and deep concern over the development of the current political atmosphere and the rash of violence in Haiti. Let us listen to Deputy Duly Brutus, leader of the socialist group:

[Begin recording] We believe it is very important that today there be talk among the political forces, especially the legislators, members of the socialist group, and the prime minister regarding the political situation of the country. During this meeting, we are therefore going to make some proposals to the prime minister. We hope that this meeting will take place. We hope that he will listen to us. Second, we will share with him our concerns for the deterioration of the political situation, meaning that we notice there is an atmosphere of violence nowadays. He will tell us how he as prime minister sees the resolution of those problems.

Concerning the Army commander in chief, we must say that he did send a letter to the president of the Chamber of Deputies, but we are on vacation. Today, we cannot, as the Chamber of Deputies or through the minister of the interior, meet the Army commander in chief. Given the country's situation, however, given the necessity that we achieve a real atmosphere of social appeasement, it is natural for a meeting to be held between us, members of the Legislative power and the Army commander in chief, regarding our concerns about the increase in violence, not only in Port-au-Prince, but also in several cities of the provinces. [passage omitted]

France To Provide 40 Million Francs in Aid

FL2209173293 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 93

[Text] Within the scope of the resumption of French cooperation with Haiti since the installation of the Robert Malval government, the French charge and chief of the French cooperation mission have begun talks with Minister of Economy and Finances Marie-Michele Rey, Justice Minister Guy Malary, and Agriculure Minister Francois Sevrin, who they visited.

According to what we have learned, the main issues of French-Haitian bilateral cooperation centered on the prospect of resuming cooperative actions in addition to the on-going humanitarian actions. Mission experts will soon be sent to identify cooperation projects with Haitian authorities. It is known that France will provide financial aid of 40 million francs to meet the most urgent financial and economic needs.

Officials View NAFTA, GATT Status

PA2209182393 Mexico City Canal 13 Television Azteca Network in Spanish 1319 GMT 22 Sep 93

[From the "Good Morning From Mexico" program—passages within quotation marks recorded]

[Excerpts] If there is one issue creating a split in public opinion in the United States it is the North American Free Trade Agreement [NAFTA]. It seems that the country's main political forces are divided into two [as heard] camps, those in favor, those opposed, and those undecided.

The two most important public representatives in the United States, the House and the Senate majority leaders, have opposing views. Yesterday, House majority leader Richard Gephardt noted, as he has previously stated, that he will vote against NAFTA.

Meanwhile, Commerce Secretary Jaime Serra Puche, who is in Brussels accompanying President Salinas on his economic and cultural tour, has said that Gephardt's position is another result of dynamic U.S. internal politics.

Contrary to Gephardt's position, House Speaker Thomas S. Foley and Senate Majority leader George Mitchell expressed their firm support for NAFTA. [passage omitted with Gephardt's recorded statements]

In an interview with Channel 13, Serra Puche said that it is perfectly compatible for our country to promote NAFTA while fomenting further rapprochement with the EC. Serra Puche is a member of President Carlos Salinas de Gortari's retinue, which arrived in Brussels on a two-day official visit. Serra Puche first referred to Gephardt's remarks with regard to his reservations about NAFTA.

[Serra Puche] "Mr. Gephardt's position is already known. He has been expressing reservations for several weeks, ever since the parallel agreements were signed. Thus his stand is nothing new. The impression we have is that it is another result of the dynamic internal political process in the United States, not a reaction to the substance of NAFTA itself.

"The three governments have agreed to maintain close contacts in the coming weeks. On Friday, I (?met) with Mickey Kantor and the White House people. The three governments reiterated that we will work so that the legislatures in our three countries will ratify the treaty in 1993 for implementation in 1994. I agreed with Mr. Kantor and Mr. Bill Dailey, the official in charge of the agreement, that we would speak every week. Under Secretary Herminio Blanco will be travelling frequently to give us a very close reading of how things are going. Consequently, I reiterate that the attitude of the three governments and their leaders is very positive and supportive of the ratification of NAFTA in the three countries."

Furthermore, the Mexican official stressed the importance of NAFTA for the Mexican economy:

[Serra Puche] "I think that from the Mexican point of view, it must be clearly understood that, one: NAFTA is another instrument within the president's economic policy. It is an instrument that will allow us to grow more and generate jobs more quickly. However, it is one more instrument within the group of instruments contained in President Salinas' economic policy. These are instruments that have produced results like lowering the inflation rate, increasing growth, finding public financing, renegotiating the foreign debt, in sum, things of which all Mexicans are aware. NAFTA must be viewed as one more such instrument.

"Two: NAFTA is an instrument that will make us more competitive and create more jobs in the long run. It is not a matter of days or weeks. Just the implementation of NAFTA will take 15 years. In other words, it will take 15 years from the day it begins operating to the day when there will be a true free market among the three countries of North America. This means that we should not expect immediate results but long-term results, as the president said when the parallel agreements were signed. To make the best use of this treaty, we must work harder and produce more in Mexico. Therefore, we must view NAFTA as a long-term instrument, as one more instrument in President Salinas' economic policy designed to ensure the tranquillity and calm we all need in the upcoming weeks and months."

Serra Puche then discussed the purpose of President Salinas' trip to European countries, a trip that began in Brussels.

[Serra Puche] "The president explained that this trip is aimed at diversifying on two fronts: one, the search for markets for Mexican products. A few minutes ago, I inaugurated the offices of a Mexican firm that is establishing itself here in Brussels to enter the EEC and thus, enter the markets of the 12 members that make up the EEC. This is an effort for diversification we need to make. Two, there is a need to diversify sources of foreign investment. We want European investment and technology. We want European businesses that will [word indistinct] with Mexican firms. Thus, all this is very compatible with the strategy that President Salinas outlined. On one hand, we have NAFTA and on the other additional rapprochement with the EEC.

"Tomorrow, President Salinas will meet with EEC President Delors to seek mechanisms for closer rapprochement between the EEC, the 12 countries it represents, and Mexico. This is part of the diversificatin strategy to attract more investments and more markets for our products. Both will help generate more jobs in the country."

Finally, Serra Puche said that Mexico will continue to work so that GATT's Uruguay Round of negotiations will end in success.

[Serra Puche] "We have continued to promote the idea within GATT, where multilateral commercial issues are discussed, that we must successfully complete the Uruguay Round. What this meeting will do is decrease tariffs on the flow of goods from each country, the over 100 GATT member countries. We were saying this to Mr. Sutherland. We told him that Mexico will continue to help and work seriously within GATT so that the Uruguay Round will be completed this year and so that the opening of markets will become a realilty in 1994."

Meanwhile, Foreign Secretary Fernando Solana Morales criticized the way in which the round of GATT mutilateral negotiations is being conducted. He said that this forum is not being held by just 13 countries, that is, the 12 EC countries and the United States, but by more than 100 nations.

[Solana] "Mexico is concerned that the future of the Uruguay Round will depend only on agreement between the big nations. I believe that it is very important; I have discussed this with Minister (?Clae). I told him that the interest and position of the other countries must be taken into consideration. After all, there are more than 100 GATT members, not just 13, the Europeans and the United States. [Words indistinct] but it is very important to take the position of the other GATT members into account." [passage omitted]

Venezuelan Foreign Minister on NAFTA, Integration

PA2109190293 Madrid EFE in Spanish 1651 GMT 21 Sep 93

[Text] Caracas, 21 Sep (EFE)—A possible rejection by the U.S. Congress of the North America Free Trade Agreement [NAFTA] "would be a failure not only for Mexico but for all of Latin America," Venezuelan Foreign Minister Fernando Ochoa Antich said today.

During a news conference held with foreign correspondents, the Venezuelan minister said he hopes the government of U.S. President Bill Clinton is successful in the campaign it has launched before Congress to obtain support for the treaty. NAFTA is a positive initiative for the region as it includes a clause that will allow the other countries of the hemisphere to join this agreement that has been negotiated by Mexico, Canada, and the United States, he added.

The Venezuelan foreign minister stated that the free trade agreement the Group of Three (Mexico, Colombia, and Venezuela) is negotiating with Central America and the Caribbean is not contrary to the guidelines of the NAFTA.

Ochoa Antich added that he considers it improbable that due to changes of government, the countries of the region will take a step back in the process of economic integration.

El Salvador

'Approximately' 60,000 Public Sector Workers Strike

PA2209222393 San Salvador Radio Venceremos Network in Spanish 1800 GMT 21 Sep 93

[From the "Period, Same Paragraph" newscast]

[Text] Approximately 60,000 public sector workers started today a two-day nationwide strike in support of more than 7,000 Health Ministry workers who have been on strike since 30 August. President Alfredo Cristiani has reiterated that he will apply the law to the state employees who follow the public sector's labor union decision. Marco Tulio Lima, leader of the National Union of Salvadoran Workers, UNTS—one of the nation's main unions—explained that the workers of at least nine government institutions have halted their activities. We are fighting against a dictatorship government that has one position, programed on an economy that only favors big business, the union leader added.

Colonel Francisco Salinas, National Police director, said that he was waiting for an order to intervene in the problem and apply police measures. The police chief warned that they would apply the police measures if ordered in keeping with the law through legal procedures and if the judges issue arrest warrants these would be honored. The workers who went on strike today belong to the Treasury, Justice, Public Works, and Education Ministries, as well as the municipalities, teachers, telecommunications, and Social Security institution workers. According to the UNTS leader, the employees who work in those state institutions represent approximately 60,000 of the over 110,000 government workers in El Salvador.

Cristiani has insisted that those who violate the law will have to accept the consequences that range from salary reductions to dismissals.

Finance, Education Ministers Comment

PA2209223993 San Salvador Canal Doce Television in Spanish 0300 GMT 22 Sep 93

[From the "Up-to-Date" newscast]

[Text] Finance Minister Edwin Sagrera and Education Minister Cecilia Gallardo de Cano said on 21 September that the 24-hour strike declared by the Inter-Union Association drew no support from workers in their institutions.

The finance minister said that today's strike was not successful because it was a political rather than a labor movement. Consequently, it drew no support from employees in his ministry.

[Begin Sagrera recording] Support for the strike in the Finance Ministry has been rather meager. What we have is a group of union leaders telling people who come here to carry out any transaction that the ministry's workers are on strike. Some people leave while others demand respect for their rights and come in. If you have walked around the ministry, you have seen that all the employees are here working and are not supporting the strike. [end recording]

Sagrera said that actions of this type attempt to distract the public's attention from truly important matters.

Education Minister Cecilia Gallardo de Cano said that throughout the nation, only 1 percent of the teachers joined the general strike declared for today; therefore, she added, it was a failure.

[Begin Gallardo de Cano recording] We can say that this has been a normal day for the education sector. We are satisfied because we had enough problems last year to get caught in a similar situation again. We believe that trying to support one sector has been very irresponsible because each of the ministers is trying to negotiate. [end recording]

The two ministers congratulated workers in their ministries for coming to work and said that those workers who supported the strike will not be paid for the day.

Guatemala

Development Program Officials Hand Report to De Leon

PA2209223893 Guatemala City EL GRAFICO in Spanish 21 Sep 93 p 3

[Article by Carlos Castanaza Rosales]

[Text] On 20 September representatives of the UN Development Program [UNDP] officially handed the 1993 Human Development Report to President Ramiro De Leon Carpio during a special ceremony that took place in the presidential house, with the cabinet members present.

Bruno Guandalini, UNDP resident representative and UN systems coordinator in Guatemala, said: "Since 1990, the UNDP has been preparing a report to help foster a broad debate on a new approach to development, which will provide us with an understanding that will lead to the attainment of human development goals." UNDP Deputy Representative Andrea Tamagnini accompanied Guandalini during the ceremony.

Guandalini said that the 1994 report emphasizes five major points: first, that the new concepts on human security should underline not only the security of nations but also of people.

Second, in view of the lack of new models for sustainable human development, it is necessary to develop human potential and to create an environment that will promote the full development of human capabilities.

Third, there is a need for new relations between the state and the market to combine the market's efficiency with social solidarity.

Fourth, there is a need for new guidelines for national and world governments to adjust the growing aspirations of the population to the constant decline of the national state.

The fifth point states that new forms of international cooperation, which focus directly on the public's needs rather than the preferences of national states, should be established.

Government Decentralization

Guandalini said that, summing up, the 1993 report focuses on the topic of participation as a global development strategy and refers to government "decentralization" as one of the best ways to promote participation and efficiency.

He added: "the most effective way to participate via the market is by holding a productive and paying job."

Finally, Guandalini reiterated that because the world is witnessing a new occurrence—jobless growth—the report reiterates the need for governments to invest generously in basic education and the cross training of workers.

Guandalini concluded that "governments also should lift restrictions on private enterprise, make markets more accessible to all, and support small businesses, especially by reforming the credit system and by granting fiscal incentives.

Nicaragua

Transportation Strike in Northern Nicaragua Grows

PA2309043993 Managua Radio Sandino in Spanish 1830 GMT 22 Sep 93

[Report by Gustavo Vindel Acuna in Esteli; from the "Radio News" newscast]

[Text] The transportation strike in northern Nicaragua intensified today when drivers blocked the exit to Somoto and Ocotal. It was reported this morning that truck and taxi drivers, which starting today have received the support of the bus North Transportation Cooperative [Cooperativa Transporte del Norte—Cotranec], have stepped up their strike activity by blocking the northern exit from the city of Esteli.

The university students from Esteli's Northern Regional Center and the Leonel Rugama University announced that starting today they have totally suspended classes in support of the Nicaraguan transportation workers.

A communique issued in Esteli by the Peasant-Worker Revolutionary Front, FROC states: FROC, FAL [expansion unknown], and MADOC [expansion unknown] hereby state that in solidarity with the National Transportation Union in its fair struggle, calls on all sectors to support its demands. We take the opportunity to call on the government to reflect on the fact that the country's stability depends on them. It should be noted that we are summoning all FAL, MADOC, and FROC active forces throughout the country to be alert for any call.

This is the FROC communique, signed by Pedrido El Hondureno [Victor Manuel Gallego Hernandez], Pedron [Leonel Chavarria], Alfredo [not further identified], Campesino [not further identified], Richard [not further identified], El Caminante [not further identified], and Eduardo [not further identified], in which they express their support for the national transportation strike.

More Cooperatives Join Strike

PA2309042193 Managua Radio Sandino in Spanish 1830 GMT 22 Sep 93

[From the "Radio News" newscast report by Alejandro Cruz from Masaya]

[Text] The Social Sectors Department Coordinating Board [Coordinadora Departamental de Sectores Sociales] has announced that starting today seven additional transportation cooperatives have joined the national strike.

In Region No. 4 there are 1,900 vehicles that are totally halted. We shall listen quickly to Don Rodolfo Epifanio Torres of the Social Sectors Department Coordinating Board, which includes several transportation organizations in Masaya Department.

[Begin Torres recording] Truly speaking, we the people of Masaya are outraged, outraged over the government's irresponsible attitude. They claim there is democracy in Nicaragua, but they should be the ones to show that there is. The government is, however, acting against the country's Constitution; they are disrespecting the rights of the Nicaraguan people. We, the people of Masaya, have reached the conclusion that we have to work and are working in strengthening the struggle of the transportation people. People, workers, and people from various social sectors have been joining us in this struggle. [end recording]

The cooperatives that joined the strike during the predawn hours this morning belong to the Eastern Cooperative Union of Region No. 4 and are under the leadership of President Daniel Salero.

A few moments ago we toured the various points where taxi drivers belonging to the Julio Torres Cooperative have blocked the road. The road blocks continue, and they are only allowing trucks with milk to go through. The city of Masaya will soon have milk once again; private vehicles are also allowed through, but we were told if by 1500 [2000 GMT] today there is still no agreement, tomorrow Masaya will wake up totally blocked.

UNO Supports Strike

PA2209205193 Managua Radio Nicaragua Network in Spanish 1825 GMT 22 Sep 93

[Communique issued by the UNO Political Council on 21 September—read by announcer]

[Text] In view of the strike by the transportation sector, a strike caused by the implementation of a vehicle tax, the National Opposition Union, UNO, considers:

A. that the government measure applying this tax threatens social peace and the economy of the Nicaraguan people, immersing them in one of their worst crises;

B. and that the situation leading to these deplorable conditions is the result of the government's failure to implement a policy consistent with UNO's government platform, which is what the people voted for in the February 1990 elections.

Therefore:

1. UNO expresses its solidarity with the national transportation strike headed by transportation workers and private individuals. It supports the just demands made to the government because of the untimeliness and politically inappropriate nature of these taxes—taxes levied at a time when the Nicaraguan people are experiencing one of the most critical recessions in their history.

2. UNO condemns any manipulation or acts of violence by private groups, cooperatives, or unions linked to attempts to disrupt the economy and social peace by wanting to profit with demonstrations of terror and anarchy.

3. UNO asks the government to abolish the tax in question for the sake of the nation.

[Dated] 21 September 1993

[Signed] Duilio Baltodano Mayorga, UNO national coordinator

MDSN Blames Government

PA2209210693 Managua Radio Sandino in Spanish 1830 GMT 22 Sep 93

[Statement issued by the MDSN general staff; date and place not given—read by an unidentified MDSN speaker]

[Text] The Movement for the Defense of National Sovereignty [MDSN]. Considering the irresponsible attitude of the government of Violeta Barrios de Chamorro in light of recent developments in the country such as:

1. The irresponsible action by the government to unleash the Armed Forces on the people of Esteli, killing and crushing innocent local residents, leaving a tragic toll in its wake. In addition, the government has been irresponsible in ordering the police to quell any protests and ignoring the despair caused by hunger among the people. The government attributes greater importance [as heard] to the intransigent attitude of [word indistinct] and rampant corruption among its cabinet members and the representatives of the UNO [National Opposition Union] parties.

The latest action by President Violeta Barrios de Chamorro in view of the peaceful protest by the nation's transportation sector, ignoring and repressing it, while pushing the National Police and the people into confrontation, has brought mourning and sorrow on the Nicaraguan brothers.

We, MDSN members, agree to the following:

1. To support unconditionally the demand by the National Transportation Commission. We want direct talks to be held immediately between Mrs. Chamorro and the negotiating commission. Further, delegations that do not represent anybody should participate.

2. To hold responsible and directly accuse the government of Mrs. Chamorro for the people killed and wounded thus far.

3. To warn the government that if it does not hasten to provide an adequate solution to this problem, the country will regrettably head toward a widespread social outburst, which far from being beneficial will have tragic consequences, (?chiefly for) the country's economic structure, something that will leave us at the mercy of the United States, which will use it as a pretext for a direct aggression on the country. This situation will destroy the country during a period of national strife.

To conclude, we convey our condolences to the relatives of Commander Saul Alvarez and of Mrs. Romelda Martinez. Because of what happened, we are calling on the police commands and Government Ministry fighters not to heed the repressive orders handed down by Government Minister Alfredo Mendieta, (?politicians), and the ultraright orders from Jesse Helms and (Mrs. Mon).

Stop repression. No to corruption. End hunger and unemployment now.

[Signed] MDSN, MDSN General Staff William Gurdian, Eugenio Facundo, and [name indistinct], and MDSN Chief Donald Mendoza Garcia. Free fatherland or death.

FSLN Blames President for Deaths

PA2209205593 Hamburg DPA in Spanish 1912 GMT 22 Sep 93

[Text] Managua, 22 Sep (DPA)—The opposition Sandinist National Liberation Front (FSLN) blamed the Violeta Chamorro government today for the deaths of a top police officer and a woman, who were killed in armed clashes between policemen and strikers in Managua.

Daniel Ortega, secretary general of the FSLN, announced the official position of the FSLN National Directorate, after Saul Alvarez, a deputy police commander, and Romelda Martinez were killed in the streets of Managua. Martinez was killed by a police rifle bullet.

The Sandinist document states that the violent actions, which left two dead, 50 injured, and more than 300 people arrested by the police, are the product of the Chamorro administration's stubborn application of economic policies that hurt the people's interests in the entire civilian society.

Likewise, the FSLN National Directorate called on its members and the people in general not to lower their guard in the national transportation strike until the government completely repeals a decree to impose vehicle ownership taxes on 400,000 vehicles registered in this Central American country.

The FSLN also expressed its support for the police and military high commands and asked them "not to become instruments of those who want to impose their economic policies mercilessly."

It was also reported in Managua today that bombs exploded in several of the homes of National Opposition Union (UNO) leaders in several cities in the interior of the country early this morning.

Very few UNO deputies were present at the National Assembly where a second attempt to convene sessions to review the critical situation in the country failed.

The national transportation strike decreed since early morning Sunday remains firm while local supermarkets are starting to run out of food supplies. Several banking institutions have already closed their doors.

FSLN Held Responsible for Death

PA2209134493 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Sep 93

[Report from the "This Morning" news magazine]

[Text] The Nicaraguan Government is holding the Sandinist National Liberation Front [FSLN] responsible for the 21 September murder of Police Commander Saul Alvarez Ramirez. Ramirez was killed during a clash between riot police and groups of rebels who were stationed on the northern highway.

On 20 September, the government said that following the disturbances where the police chief was killed and at least one vandal was shot, several Sandinist leaders gave instructions to the strikers in the transportation sector to erect roadblocks to hamper traffic all across the country.

We thought the phase of erecting roadblocks was a thing of the past in Nicaragua, but now we see there are still people living in the past who insist in inciting violence, Government Minister Alfredo Mendieta stated.

[Meanwhile, in a one-minute report broadcast earlier in the 1100 GMT "This Morning" news magazine by Managua Radio Nicaragua in Spanish, the station reports that various political leaders from different parties "strongly assailed the remarks by FSLN leader Daniel Ortega, who described Violeta Barrios de Chamorro as being murderous." The report adds: "Social Christian Party leader Agustin Jarquin Anaya said the remarks by the FSLN leader were reckless and senseless. Nicaraguan Conservative Party leader Emilio Alvarez Montalvan, political expert and participant in thousands of battles, stated Ortega's remarks against the government of President Chamorro are disrespectful and only serve to abet violence. In addition, former National Assembly Vice President Luis Sancho Sanchez condemned Ortega's virulent statement and called on the people not to allow themselves to fall for acts of provocation by the Sandinists."]

FSLN Blamed for Disturbances

PA2209140293 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Sep 93

[Report by Celso Martinez from Matagalpa Department; from the "This Morning" news magazine]

[Excerpt] We would like to report that on 21 September, at approximately 2200, following a meeting at the Matagalpa Workers Federation headquarters, several Sandinist National Liberation Front [FSLN] activists decided to burn tires around Ruben Dario Park, which is located in the center of the city. Later, police arrived at the park and were eventually able to get the Sandinist groups under control. A delay in the police officers' arrival at the park, however, had given the Sandinists plenty of time to set a number of tires on fire.

Tires were still burning around the park at about 2300. Matagalpa residents, who live near the park and do not support the violent measures, proceeded to condemn the actions and they expressed their disproval of the tactics used by the Sandinist groups.

Meanwhile, Matagalpa Mayor Arcadio Urbina told this correspondent that municipal workers plan to return to work immediately and will be working normally once again. Likewise, 84 public transportation units offering service within the various Matagalpa Department municipalities will also return to work.

The Matagalpa-Jinotega route is already operating normally, as well as the collective transportation system. The 36 buses covering the Matagalpa-Esteli route are also operating normally. On 21 September, transportation service was somewhat irregular. Nevertheless, some taxi drivers who were able to work were not hindered by any of the vandal groups creating problems in the community.

Meanwhile, National Police Captain Cesar Altamirano was forced to warn FSLN Coordinator Jose Gonzalez Picado that the FSLN would not be permitted to disturb the peace in Matagalpa as it is doing in Managua. Gonzalez, showing total disregard for the police warning, indicated to local media that he would not be taking orders from any two-bit police captain.

In light of the situation, Matagalpa residents have indicated they are unwilling to get involved or support any type of violence. Together with police, they have prevented Sandinists vandal groups from burning any more tires in or around the city. [passage omitted]

Government Ministry Statement

PA2209183693 Managua EL NUEVO DIARIO in Spanish 22 Sep 93 p8

[Communique issued by the Government Ministry in Managua on 21 September]

[Text] The Government Ministry [Mingo] informs the people that in the afternoon of today, the National Police, in compliance with the duty of guaranteeing free circulation, began to remove a group of people who had erected roadblocks on the Portezuelo (La Fanisa) streetlights. The demonstrators hurled stones and fired homemade mortars at the National Police, prompting the agents to use tear gas to disperse the crowd.

Afterward, the demonstrators opened fire with guns and rifles, mortally wounding Commander Saul Alvarez, deputy public security chief, who was dead on arrival at the hospital. In addition, two civilians were wounded.

This serious clash occurs as three transportation organizations and the government, through Mingo, are holding talks. Mingo reiterates its invitiation to the National Transportation Commission to join negotiations on problems affecting the transportation segment for the purpose of finding overall solutions.

Mingo reiterates that any protest must be conducted strictly within the framework of a civic spirit and that dialogue must be viewed as the best means to be employed since the use of force and violence does not foster the climate of social, economic, and political stability the country needs.

It also calls on the people to set aside their aggressive attitude and maintain calm in this moment of tension to avoid greater property damage or injuries.

Mingo wishes to convey its highest sentiment of sympathy to the relatives of Commander Saul Alvarez and the National Police. Issued in Managua on 21 September 1993.

Finance Minister Urges Prudence

PA2209160193 Managua Radio Nicaragua Network in Spanish 1405 GMT 22 Sep 93

["Press release" issued by the Information and Press Directorate of the Presidency in Managua on 22 September—read by announcer]

[Text] Finance Minister Emilio Pereira is emphatically appealing to the good sense of those transportation providers who have not yet signed the agreement. It is worthwhile to reflect on this situation, along with those members of the commission who have adopted violent positions, according to Pereira. The decision to suspend the decree is to allow the government some time to review the results of the agreements with one of the commissions that were created by the agreements themselves, the minister said.

Pereira added that the government, heeding the calls made by many sectors, including the church, believes it is advisable to keep the people's interests focused on more than just short-term politics. Stability is fundamental to the people's interests. He also pointed out that a large number of families, women, and children were adversely affected by the way in which some extremist groups had been handling the situation. This is why it is important to adopt a position of prudence and to act calmly to review the situation in the future.

[Dated] Managua, 22 September 1993

Agreement Signed

PA2209152793 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Sep 93

["Text" of agreement signed between the Nicaraguan Government and the Federation of Cargo Transportation, the Federation of Collective Transportation, and the National Transportation Chamber in Managua on 22 September; from the "This Morning" newscast—read by journalist Nubia Cerna Lopez]

[Text] The signatories, representing the Nicaraguan Government; the Federation of Cargo Transportation, Fetracanic; the Federation of Collective Transportation, Fetracolnic; and the National Transportation Chamber emphatically reiterate their call to end the transportation strike, agreeing on the following points:

1. In response to calls made by a large part of the Nicaraguan population, the implementation of Decree 6-93 on the vehicle ownership tax will be suspended effective 22 September for the rest of 1993.

2. The methods used to protest should be strictly civil and dialogue should be the favored instrument in resolving the situation because the use of force inhibits the climate of social, political, and economic stability the country needs.

3. Consequently, we should employ all established legal procedures in seeking adequate, democratic, and civilized formulas to resolve the grave problems affecting the transportation sector.

4. The Nicaraguan Government will request the formal implementation of equal and exceptional treatment for Nicaragua in cargo transportation in accordance with CA-4 [Central American Group of Four] agreements.

5. A bill for a new General Transportation Law will be drafted immediately. For this purpose, an interinstitutional commission comprising representatives from the Transportation Ministry and the transportation sector has been created. This commission will hold its first meeting within the next 15 days.

6. In terms of the bill on the Cooperatives Law currently in the hands of the National Assembly, the Labor Ministry will convene the National Council of Cooperatives, comprising the coauthors of the bill, to review the bill and work to ensure that the law approved by the National Assembly is [words indistinct] its authors as well as those whose activities will be regulated.

7. While a new General Transportation Law is being drafted and approved, it will be advisable to create a temporary consultative body in light of the absence of a National Transportation Council.

8. Regarding taxes collected by the national government, which are handled by the Finance Ministry:

a. Advance payments and retention of income tax will be reduced from 2 percent to 1 percent, eliminating the National Revenues Directorate's authority in increasing or reducing this tax rate.

b. The Labor Ministry's approval of tax exemptions to cooperatives established according to current laws will be guaranteed.

c. License plates valid for a five-year period will be paid from the date of this agreement until 30 October.

d. Transportation services will be exempted from paying general sales taxes.

e. Visa departure fees will be eliminated for local transportation when on business trips, as well as charges for vehicle departure permits paid to the National Police, in compliance with the CA-4 agreements.

9. Regarding the payment of municipal taxes, we agreed on the following:

a. In conjunction with municipal governments, incorrect charges made to the transportation sector will be identified and eliminated.

b. A technical commission will be created to review municipal taxes in Central America in an effort to implement pertinent measures in 1994 in accordance with Article 2, Clause 8, of Decree 64-92.

c. The promulgation of a single national tax plan [plan unico de arbitrio] will be expedited to establish a single tariff for the national vehicle tax. It was also agreed that for the rest of 1993 the same tariff established for 1992 will be paid throughout the country.

d. The reduction from 2 percent to 1 percent in the municipal tax rates for transportation services will be included in the new national tax plan for 1994.

e. The Nicaraguan Institute of Municipal Development, Inifom, will work with the Managua Mayor's Office to ensure that other transportation cooperatives receive equal tariff treatment as Fetracanic.

10. The parties agreed to ask the president of the Republic to implement these agreements through executive decree or pertinent legal mechanisms.

[Dated] Managua, 0100 on 22 September 1993

[Signed] Jose Guerra, Antonio Campos, Aristides Ortega, Marcos Gray, Sara Ruiz, (Osvaldo Mitchell), Juan Malta Giron, Emilio Castillo, Virgilio Silva, and Domingo Cerna for Fetracanic, Fetracolnic, and the National Transportation Chamber

Finance Minister Emilio Pereira; Labor Minister Francisco Rosales; Government Minister Alfredo Mendieta; Pablo Vigil, minister of construction and transportation; Inifom Executive President Santiago Rivas; Deputy Government Minister Frank Cesar; Raul Leclair, deputy construction and transportation minister; and Ada Maria Herdoze, secretary general of [word indistinct]

FSLN Encouraging UNO Participation in National Dialogue

PA2209123693 Managua BARRICADA in Spanish 19 Sep 93 p 4

[Report by Manuel Alvarez]

[Text] Dr. Sergio Ramirez, leader of the Sandinist faction in the National Assembly, announced on 17 September that the Sandinist National Liberation Front [FSLN] last week initiated talks with the top leaders of the National Opposition Union [UNO].

Ramirez said the talks were initiated by Commander Daniel Ortega and Vice President Virgilio Godoy when, on 17 September, Ramirez met with Popular Social Christian Party President Luis Humberto Guzman, Azucena Ferrey, and members of the Christian Democratic Union. These talks are aimed at convincing UNO to participate in the tripartite dialogue, but without preconditions.

Ramirez met with Sandinist cadres from Masaya Department and pointed out that Godoy had said the government must remove the Center Bloc deputies. "The government should sit down with them and ask them why they left the UNO faction to join the Sandinist faction."

Ramirez also urged members of the FSLN not to criticize these meetings with members of UNO because they are linked to the Sandinist Assembly mandate to seek a dialogue to ensure the country's stability.

He warned that no one should be surprised if over the next few days the Sandinists talk with Managua Mayor Arnoldo Aleman, adding that their goal is to prevent the country from declining further and to ensure its stability. Ramirez acknowledged the words of U.S. Ambassador John Maisto, who said the FSLN should be recognized as a legitimate force in Nicaragua.

In reference to the economy, Ramirez said the government scarcely has $17 million in the treasury, barely enough to pay its fuel bill. He said Nicaragua exports approximately $250 million, but its imports exceed $900 million. In other words, there is a deficit of $650 million a year.

Meanwhile, Sandinist Deputy William Ramirez said it is not yet time to plant the late season crop. He said it will take two days to process the paperwork when, in fact, there is no money to do so. William Ramirez is also a member of the Bank of Nicaragua's Board of Directors.

Meanwhile, Sergio Ramirez pointed out that the government should have the conviction to set the machine in motion and issue a few bills for financing and for the creation of sources of employment.

The government wants to resolve its crisis by increasing taxes, which are becoming unpayable for the general population, said the Sandinist faction leader.

UNO Leader: Time 'Not Right' for Talks

PA2209201793 Managua Radio Nicaragua Network in Spanish 1820 GMT 22 Sep 93

[Report on interview with UNO Coordinator Diulio Baltodano by unidentified reporter at UNO's offices in Managua on 22 September]

[Text] We have reports that the National Opposition Union [UNO] Political Council will not attend the meeting that was scheduled for 1400 at the Foreign Ministry. This meeting is part of the framework that includes bilateral talks between UNO and the government and between the FSLN and the government.

UNO Coordinator Diulio Baltodano said the time is not right to hold the meeting in light of the current situation.

Baltodano made this statement to reporters after a meeting of the UNO Political Council. It must be said that, after the council meeting was over, a few UNO members came out of the meeting room. The first to exit were Alfredo Cesar and Luis Humberto Guzman.

Let us hear the statements that Baltodano made at the end of the meeting as he hurriedly left UNO's offices a few minutes ago.

[Begin recording] [Reporter] What proposals will you have for the 1400 meeting?

[Baltodano] It is almost certain that the meeting will be postponed in light of the country's situation. Nevertheless, we are still trying to discuss the matter to see how we are going to advance our proposal.

[Reporter] Was this the reason for the meeting?

[Baltodano] We were discussing the transportation problem. We have been receiving delegations and listening to the opinions of the various party leaders. A decision will be probably made this afternoon.

[Reporter] What was discussed with the National Transportation Commission?

[Baltodano] The commission members came to express their concerns and explain their demands. They told us about [words indistinct] and they explained their position. They discussed the problem in general.

[Reporter] What did UNO tell them?

[Baltodano] We did not voice our opinion about it. Nevertheless, we do agree with the abolishment of the decree on the vehicles and the lessening of the vehicle tax, the lessening of [words indistinct].

[Reporter] [Question indistinct]

[Baltodano] It is very possible that the meeting will be held.

[Reporter] What does UNO feel about Daniel Ortega's statements?

[Baltodano] We are [words indistinct] with Ortega's statements, but we do not agree with inciting people to take violent actions. We favor peace, reconciliation, and a national solution to the transportation problem.

[Reporter] Based on the fact that the Sandinist National Liberation Front [FSLN] is an integral part of these discussions, would you make a serious proposal to this party?

[Baltodano] No, we are not discussing that yet. There is a letter from the FSLN requesting a meeting or an exchange of views with the UNO Political Council, and this is a matter that must be officially decided by the Political Council.

[Reporter] But you have the FSLN secretary general, who comes up with things that are different from those discussed in the party.

[Baltodano] That is up to him. It is the responsilibity of the FSLN secretary general [words indistinct] their internal situation.

[Reporter] With regard to the bilateral talks with the government, are they going to be postponed and [words indistinct] the next meetings?

[Baltodano] That will be discussed with the foreign minister. [end recording]

FSLN, Center Bloc Deputies Reject Constituent Assembly

PA2309043793 Managua BARRICADA in Spanish 22 Sep 93 p 6

[Report by Elisa Maturana]

[Text] Following a report that the government is reportedly willing to accept the National Oppositicn Union [UNO] request to convoke a National Constituent Assembly, deputies of the Sandinist National Liberation Front [FSLN] and UNO Center Bloc yesterday officially rejected the possibility and said that they advocate immediate reforms to the Nicaraguan Constitution.

An official communique sent yesterday to the media states that the two parliamentary groups believe a constituent assembly would involve "considerable" and "unnecessary" expenses and, within the framework of extreme political polarization that prevails in the country, this "could provoke extremely dangerous incidents" that might unleash "explosive situations."

Conversely, broad reforms—"provided they are based on a consensus"—would only require two legislative periods, and the reforms could be approved before year's end. The definite approval could be given early next year for their promulgation, they said.

The communique was issued after Labor Minister Francisco Rosales and Foreign Minister Ernesto Leal said they had told the UNO in a recent bilateral meeting that the government is willing to support the call for a constituent assembly, provided it occurs within the framework of a national agreement and guarantees respect for Violeta de Chamorro's presidential term.

Sandinist and Center Bloc deputies also proposed concluding the process of reforms to the Constitution with an "understanding" among the 92 deputies so that the assembly may function normally. "We accept no negotiations that involve Center Bloc deputies, and they should not be subject to any kind of pressure," the communique reads.

Parliamentary sources have revealed this implies that, in a bilateral meeting recently held with the UNO, the government admitted it is prepared to meet the demand that provoked a stalemate in the three-party dialogue—to "break up" the parliamentary Center Bloc.

According to the sources, Rosales said the executive branch was capable of convincing three Center Bloc deputies to accept official posts and persuading two others to return to the coalition's fold. The UNO would thus recover the parliamentary majority.

Although certain government sources unofficially commented that these proposals were a swindle and a hoax by Rosales and Leal, Sandinist and Center Bloc deputies take it for granted the government is willing to "sacrifice" its former Center Bloc allies and give in to the UNO's requests for the sake of achieving a national agreement that will give it stability until 1997.

President Chamorro Returns From CA-4 Session

PA2209172193 Managua Radio Nicaragua Network in Spanish 1635 GMT 22 Sep 93

[Text] Nicaraguan President Violeta Barrios de Chamorro has returned to the country from Guatemala where she attended the fourth meeting of Central American presidents, who form the CA-4 [Central American Group of Four]. During the meeting, the leaders analyzed the report from the Central American foreign ministers on their work as mediators in holding a national dialogue in our country.

President Chamorro was accompanied by Foreign Minister Ernesto Leal, Deputy Presidency Minister Jose Adan Guerra, National Immigration Director Cesar Delgadillo, and other officials. President Chamorro was welcomed back by Presidency Minister Antonio Lacayo and other government officials.

The president is now at her office in the Presidency. (?It is expected) that statements will be issued sometime today on the results of this fourth meeting of the CA-4 in Guatemala City.

* Topics of Concern for FSLN Congress

* Changes in Directorate

93CA0191A Managua BARRICADA in Spanish 4 Aug 93 p 13

[Commentary by Silvio Prado]

[Text] After two years, the calling of a special congress and the widespread statements favoring a total renewal of the FSLN [Sandinist National Liberation Front] leadership vindicate those of us who opposed its election "as a slate" during the *First Congress*. The model and organization imposed at that time have become outworn, and are discredited now. Those results were disclosed very soon in pyrrhic victories for those who thought that they had twisted the arms of the "dissidents."

The preparations for a new congress reveal the usual concerns. The declarations from the various groups of male and female comrades made public on the occasion of *19 July* attest to this. They are all agreed on making adjustments in the leadership's role, on establishing a more critical type of opposition that will cooperate less with the government, and on resuming contact with the people's struggles.

In the latter respect one notes a disturbing recourse to the usual notions: to those indicating a view of society on two levels: elite and masses, leaders and followers. When an appeal is made for "heading the people's struggles" and "assuming leadership" of the people, it is a return to the same system of substituting for direct actors. It is a return to the "iron law" of the oligarchies that exalts an elite leadership with tautological interests and priorities.

On Behalf of Direct Actors

If the renewal of the leadership concerns us, we should also be concerned about ridding ourselves of the notions of a party that have contributed to its crisis. The notion of a *vanguard* as both a great synthesizer of initiatives, and as the "condottiere" [leader] of the forces of society, is a thing of the past, and in an equal state of crisis.

At this stage of events, we cannot continue to demand a return to the past, as if the FSLN and the society were the same. It is no longer a matter of conspiring against the dictatorship, nor of subjecting the struggle of all the people to single guidelines. Nor is it a matter of "leading" disorganized masses without an identity or an opposition of their own.

There are at present new social subjects that have become rooted in their spaces; who, during the past three years, have developed their own strategies and leaderships, and who do not need a party leader to come and head them now. Would the ecological movements, those of women, or the ethnic or student movements, be willing to subordinate their demands to those of the party?

When the party leadership is invoked on all fronts to head the struggles, usually no consideration is given to the leadership of each sector, but rather to the physical presence of one party leader who will ensure the apparat's priorities. This is known as *substitution*: the elimination of direct actors.

Renewal Without a Break

If we must open a debate on behalf of the total renewal of the FSLN leadership, let us take advantage of the occasion to start breaking away from the conceptual bonds that conceal stereotyped values. This is the only way of beginning a substantive, and not merely formal, renewal of the FSLN.

The diversity of Sandinism demands a new position of the party with respect to its sectorial representatives. It must start thinking in terms of "accompanying" instead of substituting, and as a facilitator of its actions, not as a guide; so as to foster its struggles and not head them. This would also lead to a determination of the spaces reserved for the apparat, such as the National Assembly, relations with the government, and its irreplaceable endeavor in the territory, together with its rank and file.

If we confined ourselves to discussing formal points, the progress achieved at the *special congress* would be conveyed through old channels. After a certain length of time, a type of party not geared to the reality of its ranks nor to the complexities of a different society would succumb to another crisis. This is not a semantic issue, but but rather an ethical one. Renewal without breaks is not transformation; it is merely reform.

* Attention to Evangelists

93CA0191B Managua EL NUEVO DIARIO in Spanish 3 Aug 93 p 4

[Article by Adolfo Miranda Saenz]

[Excerpt] [Passage omitted]

Heeding the Evangelical Sector

The FSLN surely would not want to lose the political support of a sector representing at least 20 percent of the population (some claim that the figure might exceed 30 percent by 1996): one that will be decisive for the electoral victory or defeat. Therefore, although not on this account alone, it is important for the FSLN to listen to and heed the voice of Nicaragua's evangelical sector in the precongress discussions and during the Congress of the Sandinist Front.

The vast majority of evangelicals who supported the FSLN were not "card-carrying militants." The situation has not changed, and may possibly not do so in the future. For many reasons, which I shall not analyze now, the evangelicals have preferred, and will continue to prefer, backing political parties without being "card-carrying militants." Hence, the FSLN must seek types of participation for this important sector which, of course, will not have "official delegates." However, it must not be a marginal nor superficial participation: 20 or 30 percent of the potential voters deserve decent treatment for their contribution.

At present, there is not a single evangelical representative in the Sandinist group of the National Assembly. One solitary evangelical candidate, Brother Sixto Ulloa, was not elected, because he ranked very low on the list. Logic would indicate that, if the evangelicals total 20 percent of the voters, they should have a 20 percent representation among the representatives. If there are 39 Sandinist deputies, at least seven Sandinist deputies should be evangelicals; nevertheless, there is not one.

The FSLN will have to adopt this type of reasoning if it wants to obtain the evangelical vote in 1996. Starting now, however, at this very moment, the Sandinist Front should be renewing its relations with the evangelicals to make up for lost time. Besides the party that has emerged from among the evangelical churches, the FSLN is now confronted with two strong competitors that are going about persistently seeking alliances with the potential evangelical political leaders: the Christian Democratic Union and Arnoldo Aleman.

Possibilities of an Alliance

A rapprochement between the Convergence Group (evangelicals following the progressive line) and the conservative National Justice Party, which was about to materialize in a major, unpredictably strong alliance, failed. When everything seemed to be proceeding well, the alliance collapsed. This affords possibilities for an alliance between that party and the Christian Democrats, or, more likely, with Arnoldo Aleman. It is especially possible if, as everything seems to indicate, they fail to meet the requirements for procuring the legal status qualifying them to compete in the elections alone. Then, they would become another party of the UNO [National Union of Opposition], or of a group resulting from the UNO's possible division.

Nevertheless, the failure of the attempted unity between that party and the Convergence Group, which proved to be too weak and precarious, as some predicted at the outset, also offers another possibility: The progressive evangelicals combined in the Convergence Group might find in the FSLN an appropriate space for contributing to the renewal of the Sandinist Front and restoring the identification of the evangelicals who supported and felt comfortable with the FSLN.

The Convergence Group could make a valuable contribution to the discussions preceding the Congress, and should be heeded as a group that is a part of it. This would consolidate its participation in support of the Sandinist Front, converting it into the best vehicle for the FSLN's access to evangelical voters.

Panama

Officials React to WASHINGTON POST Charges

PA2209213993 Panama City LA PRENSA in Spanish 22 Sep 93 p 20

[Text] Panamanian Government and bank officials yesterday rejected U.S. newspaper reports saying Panama continues to be the primary center for the laundering of money coming from the Colombian drug cartels. THE WASHINGTON POST based its frontpage report on "anonymous" U.S. investigators.

Government and Justice Minister Juan Chevalier said the articles published in the U.S. newspaper "respond to economic interests" as well as to an international campaign to try to discredit the Panamanian banking community. The newspaper reported that Panama remains the most active money laundering center in the Western Hemisphere, a report that displeased the Panamanian Government official.

"This is an international campaign because money laundering continues in the entire world, especially in the United States, but the Panamanian banking center is being attacked because many people envy it and would like to see it closed," he said.

The Panamanian banking center, which was created during the past military regime, comprises 112 banking institutions. The U.S. newspaper said more money is being laundered today than in the days when Manuel Antonio Noriega was in power.

Chevalier added that money laundering activities occur everywhere: New York, Atlanta, Washington, Miami, and where financial centers are located.

According to Alberto Vallarino, commissioner from the National Banking Association (ABN), these types of accusations should be investigated and a more aggressive public relations campaign should be implemented abroad that can accurately reflect the true image of the Panamanian banking center.

Vallarino rejected the contents of article published in THE WASHINGTON POST, and he said that Panama has implemented rigorous controls to prevent money laundering activities from taking place, such as the control on cash deposited in banks and coming into the Colon Free Zone. He added, however, there are concrete cases that should be investigated, such as the recent case with the coffee shipment from the Colon Free Zone and the case of Celeste International, which also operated out of the free zone.

Meanwhile, Luis H. Moreno, general manager of the National Bank of Panama, said technological innovations make cash transfer methods increasingly complex and refined, and this is why the banking center is vulnerable as in any other country. He rejected, however, the charge that Panama is the money laundering center for the drug cartels, and in this regard he said the government must implement strong measures to explain to the world what is being done to prevent these types of illegal activities.

Meanwhile, Eduardo Linares, deputy planning and economic policy minister, said the accusations made against the Panamanian banking center from abroad are unfortunate.

The Legislative Assembly will initiate an investigation to determine whether money laundering accusations against Panama are actually true, or whether they part of a campaign being staged to discredit the country, according to Legislator Alberto Cigarruista.

Cigarruista said the Legislative Assembly has the duty to determine whether THE WASHINGTON POST's articles saying Panama continues to be a money laundering center are the product of a campaign unleashed in the latter part of the 20th century, as the turnover of the Panama Canal approaches.

[In related news, Panama City CRITICA LIBRE in Spanish on 22 September carries a 200-word report on page 2 saying Luis H. Moreno, general manager of the National Bank of Panama, has been summoned to the Legislative Assembly to explain whether money laundering activities are indeed conducted in Panama.]

New Panama City Mayor, Deputy Mayor Appointed

PA2209214093 Panama City LA PRENSA in Spanish 21 Sep 93 p 1A

[Report by Orlando Mendieta and Alexandra de la Guardia]

[Excerpt] President Guillermo Endara has officially designated Arnulfist Party members Mercedes de Villalaz and Alfredo Montaner as new Panama City mayor and deputy mayor, respectively, replacing Mayin Correa, who will be tried by electoral authorities for the alleged use of government funds in political activities.

In a ceremony held at the Presidency, President Endara said he was satisfied with the appointment of the new official, who served until 20 September as director of the Passport Section of the Ministry of Government and Justice.

According to Endara, he made this appointment to fulfill his word on giving more participation to women in his administration. He added that he should have made this kind of appointment "long ago because women have demonstrated they are excellent officials."

During this ceremony, President Endara also announced that the new director of the Passport Section is Carlota de Allen, wife of Dennis Allen, one of the three magistrates of the Electoral Tribunal that summoned Correa to stand trial. [passage omitted]

Argentina

Ambassador Sees No 'Catastrophic Outcome' in Russia

PY2209215293 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1951 GMT 22 Sep 93

[Text] Buenos Aires, 22 Sep (NA)—Argentine Ambassador to Russia Juan Carlos Olima stated today that "there is no element" that enables him to foresee "a catastrophic outcome" to the crisis confronting the country, adding that "reality will demonstrate that someone has been vanquished" in the pitched battle Boris Yeltsin is fighting with Vice President Alexandr Rutskoy for power.

Ambassador Olima said the Argentine Foreign Ministry will decide what stance to take on the Russian situation by assessing the reports sent by the Argentine Embassy in Russia in the last few hours.

Olima told a Buenos Aires radio station that everyday life in Moscow "seems to follow its normal course" and that, contrary to what was expected at the beginning, the "mobilization of troops is nowhere to be seen."

"The situation is tense and the people are awaiting the outcome, but nothing seems to indicate that there will be a catastrophe," he said.

In the ambassador's view, "the people identify themselves more with (Boris) Yeltsin's ideas than with a certain attitude that seeks to slow down the process of change implemented in Russia."

Olima added: "Yeltsin is trying to sort out a mechanism that will enable Russia to have a government that wields real power." He further stated that, finally, "good sense will prevail and there won't be any types of clashes."

Notwithstanding this, he made it clear that previous "(similar) cases have led to extreme situations," even though he pointed out "there is no element of judgment that may lead us to think that (the crisis) will result in a catastrophe."

To conclude, Olima remarked that he would be willing to meet with Russia's two "strong men"—Boris Yeltsin and Aleksandr Rutskoy—to assess the situation the country is facing.

"Why not?," he said after being asked about that possibility.

Government Expresses 'Support' for Yeltsin

PY2309012893 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0100 GMT 23 Sep 93

[Text] Buenos Aires, 22 Sep (NA)—The Argentine Government today officially expressed its "support" for the Russian Federation Government headed by Boris Yeltsin, who decided to dissolve Parliament and call for legislative elections in early December.

The Foreign Ministry communique released tonight "expresses its solidarity with the government and people of the Russian Federation, and reiterates its full support for the process of political and economic changes headed with vision and courage by the government of President Boris Yeltsin."

The communique adds: "The Argentine Government believes that the elections announced for 11 and 12 December will strengthen democracy and the state of law."

The Foreign Ministry communique concludes by noting that "the Russian people will be able to express themselves freely in accordance with the path taken by the large majority in the referendum held last April."

Political Cost of Fishing Agreement With EC Viewed

PY2309011593 Buenos Aires CLARIN in Spanish 20 Sep 93 p 2

[Article by CLARIN "special correspondent" in Brussels]

[Text] The fishing agreement between Argentina and the EEC, which will give Argentine diplomacy a strong bargaining chip in the difficult negotiations with the British Foreign and Commonwealth Office over squid fishing in the South Atlantic, also had its political cost.

An in-house report by the European Parliament—to which CLARIN newspaper had access—points out that in a previous agreement with Gambia, the EEC accepted a typical paragraph that says the treaty will be enforced "in waters that, for fishing purposes, are under the jurisdiction or sovereignty of the Republic of Gambia." Owing to pressures exerted by the British, however, the agreement with Argentina only stipulates "the principles, norms, and ways of cooperation between Argentina and the EC concerning the conservation, exploitation, and transformation of fishing resources."

There are, moreover, two more things that lead one to believe that the agreement with the EEC does not entail a total debacle for the British, as the Argentine Government is intent on depicting it. In the first place, the United Kingdom managed to reduce the quota for the fishing of squid by the EC fleet from 200,000 to 30,000 metric tons. The rest of the fishing quota established in the agreement that is to be signed today includes other species that hold no interest for the Kelpers [Falklands Islands residents]. Besides, the areas where the EC fishing boats will operate are outside the waters under contention.

In any case, and in spite of this cost, the agreement will improve our country's bargaining position—Argentina will step up its presence in the South Atlantic and will sit at the negotiating table in its new capacity as an EEC fishing partner.

This consideration can be used when, after the 17 October elections on the Malvinas Islands, the latter and Great Britain resume negotiations to renew the provisional agreement on squid fishing signed at the end of 1992. Foreign Minister Guido Di Tella decided that Argentina would reduce the volume of squid to be included in the treaty as a goodwill gesture towards the Kelpers so they will accept resuming contacts with Argentina, which have been severed since the war in 1982.

Argentine sources told CLARIN that after the elections on the islands, Di Tella will consider the election results in deciding on future action—if the candidates who are moderately inclined to cooperating with Argentina win, Di Tella will be able to further his goodwill policy, whereas if the anti-Argentine diehards win, he will not have much leeway left.

Commentary Examines 'Political Future'

PY2209135093 Buenos Aires LA PRENSA in Spanish 21 Sep 93 p 9

[Article by Sergio Crivelli: "The Economic Model and the Reelection"]

[Text] The political future of the government will again be decided in Congress. Tomorrow, the Justicialist Party [PJ] will make an effort to have the law on the reform of the social security system—which is a key factor for the development of the economic program—approved in Congress.

After the constitutional reform bill failed to be approved in the Senate—and consequently the reelection project—one of the concerns that began to be felt, especially among the businessmen, is whether the stability plan could survive without the continuity of Carlos Menem in power. In fact, if a private pension system is approved in Congress, it will be a clear signal of stability.

This is why many people will be closely following what will happen in the Senate tomorrow. In principle, the banks and insurance companies are very interested in the approval of this law, given that a multimillion dollar business with interesting commissions may open up for them. Obviously the government is also very interested in the approval of this law, because the banks will be able to hold government securities thanks to the workers contributions, which may be loaned back to the government. And last but not least [preceding five words in English], the businessmen in general are also very interested in the approval of this law, given that it will financially strengthen the Domingo Cavallo plan.

A Political Paradox

This is why the General Secretariat of the Presidency and the Economy Ministry are both encouraging the approval of this law. If the law is approved in Congress tomorrow, a paradox will nonetheless take place: The stability plan would receive one of its greatest encouraging actions since the Cavallo plan began, at a moment when the continuity of Carlos Menem in Government House seems uncertain.

Why uncertain? For at least three reasons. First, not all the obstacles for its approval have been overcome in the Senate. Second, the signs of an internal power struggle in the Justicialist Party are beginning to appear. And third, the Radical Civic Union [UCR] will represent a formidable obstacle in the Chamber of Deputies if the Menemists continue to push forward the constitutional reform without the cooperation of the UCR.

The government is finding difficulties in the Senate because those who can tilt the balance in its favor are not giving signals of wanting to do so. Senator Jose Bordon insists on his theory of consensus; Senator Antonio Cafiero, although he uses appealing conciliatory rhetoric, continues without publicly voicing his position; and Senator Eduardo Menem is desperate.

Even the "external" aid that the Menemists expected from Bloquista Senator Alfredo Bravo seems elusive. Bravo believes that given that the government thinks that constitutional reform and reelection are synonyms, such message should be be transmitted frankly to society. The same message was transmitted last week by Deputy Alvaro Alsogaray to the PJ Senators in charge of promoting a consensus on the Menem project.

Duhalde's Attitude

Within this framework, suspicions began to arise about the real convictions of Buenos Aires Governor Eduardo Duhalde to support the reelection issue. Duhalde does not really like the idea of a plebiscite, which is the last card the Menemists have to convince the UCR in the lower house. If this were not enough, Duhalde held a meeting with UCR leader Raul Alfonsin which was revealed by the media. Apparently, during the meeting they did not talk about the reelection issue, but only about the lemas law in Buenos Aires Province, an explanation that does not satisfy the president's men.

After being appointed head of the Justicialist Party, Duhalde is also the virtual successor to Menem if the constitutional reform initiative fails, something that does not really help to dissipate the Menemists' doubts. Only one fact prevents the political destinies of Duhalde and Menem from coming apart: Duhalde would not be able to continue with his government action in Buenos Aires Province if the central government decides to cut the plentiful funds it currently allocates to the province.

UCR's Attitude

Finally, and adding to the misfortunes of Menem's followers, the final word on the reform—if the bill passes the hurdle of the Senate—will be in the Radicals' hands. A realistic count anticipates that the 3 October elections will not result in important changes in the political parties' representations in the Chamber of Deputies.

Everything indicates that Radicals and Peronists will retain the number of seats they now hold, which means that Radicals will retain 85 seats.

If this is the case, if UCR deputies insist on their opposition to the reform, and if all UCR deputies are present, Peronists will need exactly twice that number of votes in favor, that is 170, to reach the already mythical two-thirds majority. Where will they get the votes? In the cases of approval of essential bills affecting the economic program, the PJ barely managed to get a quorum of 130 deputies.

It is perhaps due to the size of the hurdles that some power groups move with caution when discussing the issue of reelection. Last week CGT [General Confederation of Labor] leaders went to Congress to analyze the situation with Justicialist senators. They made two things clear: 1) They want to return to the 1949 situation on social rights by amending the first part of the Constitution; and 2) They do not want to commit themselves to institutionally respecting the reelection, and will leave their deputies free to vote the way they feel fit without a mandate from the labor federation.

Entrepreneurs' Attitude

Many entrepreneurial groups are just as cautious as labor representatives. Last week UIA [Argentine Industrial Union] President Jorge Blanco Villegas visited the Senate and expressed his support for the reform, but only his personal support. His attitude does not represent the opinion of most UIA members.

What is the situation inside the UIA? It was reported that Blanco Villegas already wanted to include a paragraph on reforms in his speech on industry day, but his colleagues eliminated it. Those groups now do not want the UIA to take a position on the issue because they consider it risky and unnecessary. In their opinion, the entity must give its opinion on economic issues directly affecting their members, and not meddle with political issues.

Who are those adopting this hesitant position? The oil industry, among others, according to reports from the industrialists' "internal opposition." In fact, no entrepreneurs oppose the continuity of the model, but very few want to take up the flag of reelection. The basic doubt that will affect their votes is if the economic plan can continue without Carlos Menem as president. Congress will begin unraveling the question when it gives the green light to the reform that most interests businessmen: the reform to the social security system.

Cavallo Says Bank's Sale of Dollars 'Totally Normal'

PY2209220693 Buenos Aires BUENOS AIRES HERALD in English 22 Sep 93 p 5

[Excerpt] (DYN)—Economy Minister Domingo Cavallo yesterday downplayed the recent run on the dollar, calling the Central Bank's massive dollar sales "a totally normal phenomenon" within the framework of convertibility.

Cavallo denied that the sales, which have reached 487.6 million dollars since 24 August, have been inspired by fear that the exchange rate will change after the 3 October elections.

"If it were due to fear interest rates would have shot sky-high, like they did in November and December of 1992, when there was real fear because of rumours coming from New York that the fixed exchange rate was going to be changed," the Minister said.

He said that the rush on U.S. currency was the result of "the enormous number of dollars that entered the market in the last few months, due to the sale of YPF [Government Oil Deposits]." The flood of dollars was "more than the economy really needed," he added during a radio interview.

Yesterday the Central Bank sold only 1.2 million dollars, after Monday's [20 September] $110.3-million sale. So far in September, the bank has been forced to sell 339.1 million dollars to keep the peso even with the dollar. Since August 24, some 487.6 million dollars have been sold.

Bank executives gathered in Bariloche for a finance convention agreed with Cavallo that the big dollar sales of recent weeks "isn't considered dangerous for the convertibility plan." Nevertheless, they rejected the minister's explanation for the dollar frenzy.

"Some investors are changing their portfolios from pesos to dollars as a preventive measure against the uncertainty of the election results" and a possible devaluation, bankers told reporters. [passage omitted]

Menem, Santa Fe Governor Sign Compensation Agreement

PY2309023393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2301 GMT 22 Sep 93

[Text] Buenos Aires, 22 Sep (NA)—President Carlos Menem and Santa Fe Governor Carlos Reutemann today signed an act settling all provincial credits and debts to the nation.

Reutemann said he was "quite satisfied with the agreement" and praised "the arduous work carried out by provincial and national officials to reach an agreement on the final amount of the debt."

The governor said that in the end the province "will receive approximately 130 million pesos," which "will permit the payment of the province's debts to the provincial bank."

Reutemann said the settlement included 130 million pesos for the provincial bank and 70 million for the provincial energy company, which "we paid earlier; therefore, the total amount of the settlement is 200 million pesos."

Reutemann made these remarks after the ceremony to sign the agreement, which was attended by Economy Minister Domingo Cavallo and Interior Minister Carlos Ruckauf.

Regarding the use of the funds, the governor said: "We will study the situation, but the money will be used basically in security infrastructure works, hospital equipment, and the improvement of schools."

Menem: Nation Wins 'Trade War' Against UK

PY2209222493 Buenos Aires BUENOS AIRES HERALD in English 22 Sep 93 p 5

[Text] Foreign Minister Guido Di Tella yesterday said that Britain was "setting itself up for defeat" by opposing the approval of a fishing accord between Argentina and the European Community (EC).

The agreement "gives our country a position of great strength from the political point of view," Di Tella added.

In a radio interview the minister said, "London has set itself up, regrettably, for a defeat that we didn't want, but that happened." He was referring to Britain's decision to abstain from the vote on the fishing accord, which was approved by the EC Ministers Council on Monday [20 September] after lengthy negotiations.

President Carlos Menem said he was satisfied with the agreement. "Today we have a trade war with England that Argentina has won," he said. "It has been shown that wars aren't only won on the battlefield but also on diplomatic grounds," the President added.

Motivated by pressure from the kelpers [Falklands Islands residents], Di Tella said Britain "has separated itself from its Community partners, it has voted separately from the other 11." The vote "shows that Argentina is a better friend to those 11 countries than Great Britain is to her natural partners," Di Tella added.

The Minister said the accord gives Argentina a powerful political position and emphasized that "after long and arduous negotiations we have arrived at an agreement that is very good for us."

He added that this "symbolizes a very special relationships with the European Community that we didn't have before," and, "for Argentina it means work, exports," he said.

"Getting to the bottom of all of this, fishing was so regulated that you couldn't fish. Now that you can fish, we'll begin to see investments and because you can fish, European Community investments will come. And the truth is, I couldn't be happier," Di Tella added.

The accord, considered "a 180-degree turnaround in the geopolitical zone of the Malvinas-Falklands islands" by experts, was approved in Brussels and will come into effect next year after being ratified by the Argentine Congress.

Some 250,000 annual tons of fish will be pulled from the water under the agreement, representing $120 million yearly in exports for Argentina. Around 700 boats and 70,000 people will be employed as a result.

Agriculture Secretary Felipe Sola yesterday said that the five-year accord will reduce EC tariffs on Argentine primary goods from 15 to 5 percent and on manufactured goods from 20 to 10 percent.

Enhanced Cooperation Planned With Chilean Armed Forces

PY2109225993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0047 GMT 21 Sep 93

[Text] Santiago, 20 Sep (AFP-NA)—Following Argentine Defense Minister Oscar Camilion's official five-day visit to Santiago, which ended on 20 September, the Argentine and Chilean Armed Forces agreed to enhance mutual cooperation and their level of relations.

The Argentine defense minister was one of the dignitaries invited to the celebrations of the 183d anniversary of Chilean independence that was marked on 18 and 19 September.

Chilean Defense Minister Patricio Rojas reported that during Minister Camilion's stay an agreement was reached on regular meetings between Lieutenant General Mario Candido Diaz, the Argentine Armed Forces joint staff chief, and Vice Admiral Jorge Arancibia, the Chilean national defense chief of staff, in order to address issues of common interest for military complementation.

Rojas indicated that the disarmament issue was not addressed, but talks were held on the necessity of maintaining a balance as far as arms are concerned, and an agreement was reached on the fact that the Armed Forces should meet the requirements for the defense of sovereignty and peacekeeping with the limited resources each country has.

"There is no room whatsoever for arms races in this part of the continent," the Chilean minister stressed, emphasizing that military cooperation nowadays represents complementation to the relations Argentina and Chile are maintaining in other fields.

The Chilean defense minister added that, during the meetings held in Santiago, an agreement was reached to enhance mutual cooperation between the Armed Forces for natural disasters on the Chilean- Argentine border and conduct exchange courses for midshipmen and helicopter pilots.

The two defense ministers agreed on more visits by Argentine military officers to Chile, while Minister Rojas will invite the senior Argentine National Defense [Defensa Nacional de Argentina] course to visit Chile and pay institutional visits throughout Chilean territory.

Before the Argentine delegation left the country, Minister Rojas decorated Lieutenant General Martin Antonio Balza, the Argentine Army chief of staff, with the "Bernardo O'Higgins" Order of the Grand Cross.

Bolivia

Foreign Ministry Voices 'Concern' About Russian Crisis

PY2309022093 La Paz Television Nacional Network in Spanish 0100 GMT 23 Sep 93

[Text] The Bolivian Foreign Ministry has issued a communique in which it voices concern about the situation in Russia. The communique further states that the Bolivian Government hopes that peace will be quickly restored and a solution found to the political crisis confronting that country.

Under Secretary on Crisis Affecting Mining Sector

PY2209210293 La Paz Television Nacional Network in Spanish 1700 GMT 22 Sep 93

[Excerpts] Mining Under Secretary Jaime Villalobos has asserted that this is the worst crisis the mining sector has endured in Bolivian history. He added that the Comibol [Mining Corporation of Bolivia] has no chance of survival.

[Begin recording] [Villalobos, in progress] ...of the Bolivian mining sector.

[Unidentified reporter] Is the crisis worse than in 1985?

[Villalobos] Definitely. It is much worse than the 1985 crisis. [end recording] [passage omitted]

Do you think the Comibol has a chance of survival?

[Begin Villalobos recording] I do not think Comibol, as an organization, has a chance of survival. We think some mines, very few, have a chance of surviving. Their future lies in their privatization. [end recording]

But do you think private enterprises will be interested in any Comibol mines, bearing in mind the current prices of minerals?

[Begin Villalobos recording] This is a difficult question to answer. We think there is a possibility. There is a group of mines that together may justify an investment by [word indistinct] enterprises, responsible enterprises. We do not want to turn Comibol into a bazaar. We cannot wait any longer, we must act right away but we have no way of reversing the international market situation. [end recording]

We want to sell the Vinto foundry, which is still profitable, with two or three very rich tin mines, like the Huanuni mine. The rest of Comibol will be closed. [passage omitted]

Villalobos pointed out that the open-pit mining system proposed for Cerro Rico and the initial operations of Karachipampa will only be feasible if the private sector finances it.

We asked: Is there any chance of attracting private investors?

[Begin Villalobos recording] According to our studies, we have little to offer for privatization in the mining sector that is still viable because of the current level of prices. There are other mining centers, which unfortunately, have ceased to be viable. [end recording]

Villalobos is preparing the bait to attract investors and also to cushion the opposition of the miners federation which are strongly against privatizing state owned enterprises.

But while hope still exists in the private sector, the cooperatives, the small and medium mining sector continues to close mines. Will there be anything left?

[Begin Villalobos recording] I think there are a couple of enterprises that can survive this crisis. Some are closing, some have already closed. In other words, this crisis will bring about a reorganization, there will be survivors but some enterprises will definitely become history. [end recording] [passage omitted]

Villalobos assert that the mining industry will not disappear but this the crisis will leave many private and public enterprises behind. It is estimated that 43,000 miners, twice the 1985 work force, will loose their job. With their families this means more than 200,000 people in the street. The government and the miners seek ways to cushion the socioeconomic shock this will cause.

Government Increases Antinarcotics Presence in Yungas

PY2309030493 La Paz Television Nacional Network in Spanish 0100 GMT 23 Sep 93

[Text] In the light of an escalation of drug trafficking in the Yungas region in La Paz Department, the government has decided to increase the number of antidrug troops in the region. So far, no Colombian citizens have been spotted in this coca-producing region.

Brazil

Government Repudiates Threats Against Caputo in Haiti

PY2209234493 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 93

[Text] The Foreign Ministry released a note today indicating that the Brazilian Government repudiates the threats made in Port-au-Prince against Argentine Deputy Dante Caputo, who is the UN and OAS special envoy to Haiti.

The note says that Brazil agrees with the UN Security Council president in making Haitian military and security officials responsible for the personal integrity of UN personnel in that country.

* Chamber Debates Electoral Reform Proposal

93SM0413B Sao Paulo VEJA in Portuguese 11 Aug 93 pp 24, 25

[Text] There is a chance that next year's election campaign will not turn into a race for dirty money. A bill now being debated in the Chamber of Deputies will define the rules of a contest in which what is at stake is not only the choice of a successor to Itamar Franco, but also 54 of the 81 seats in the Federal Senate, all 503 seats in the Chamber, and the state governorships and members of the state legislative assemblies. The disaster perpetrated by Fernando Collor and his fugitive partner PC Farias showed that there may be all kinds of problems with the election laws, but that there is only one central issue: campaign financing. In this regard, Brazil has reached a catastrophic situation. Current laws are not obeyed by any of the competitors. They organize their campaigns in an atmosphere of mutual complicity and general impunity and operate a clandestine network that raises millions, is founded on tax evasion, and facilitates corruption.

The main problems with present election laws lie at two points. They prohibit legal entities from giving money to candidates and parties when in reality it is the big companies that back most of the campaigns because they are interested in currying favor with candidates who have a chance of winning. Or, in the case of the PT [Workers Party], the big contributors are the trade unions associated with the CUT [Sole Workers Center]. On both the left and the right, therefore, each one infringes the laws in its own way. The legislation also calls for punishment of offenders, even by forfeiture of their mandates. Trouble is, to investigate any suspicion, all the other parties would have to agree. Since no one's hands are clean, people usually turn a deaf ear to any accusation so that no suspicions will be raised about one's own actions. The legal wonderland is so vast now that sometimes the courts do prosecute someone in some remote city, perhaps an alderman who received special treatment from the local print shop. They succeed in convicting him of an election crime and cancel his mandate. That is all. Meanwhile, a Bahian construction firm proven to have contributed $1 million to Fernando Collor was never bothered. Nor was anything done about the bundles of money that the same cement companies sent to [former Sao Paulo Governor] Orestes Quercia.

The administration has until 2 October to pass new legislation. Otherwise, it will be up to the Superior Electoral Court, the TSE, to determine the rules of the game. Is anyone interested in keeping the status quo? A lot of people. The voters will have until October to figure out who they are. Last Wednesday, Bahia Deputy Joao Almeida of the PMDB [Brazilian Democratic Movement Party] introduced a bill in the Special Committee for Reform of Election and Political Party Laws, on which he serves as rapporteur. Almeida drafted a 62-article proposal that deals with various topics, such as small parties, release of opinion poll results, and coalitions among parties. The political air time, which in the 1989 campaign was two hours and 20 minutes a day, half in the morning and half at night, would be cut to two hours. Political propaganda is one of the rare aspects of campaigning in Brazil that is truly egalitarian. The only alternative to this system would be paid advertising, which by definition means that candidates do not have an equal chance to present themselves to the electorate. But Almeida's proposal skirted one super-problem: production of the programs aired during the free TV time has become a vast morass of frauds, over-billed services, and phony invoices.

Fantasy

Treatment of financial issues is concentrated in 11 articles of the proposal. As in any document intended to open a discussion, it is inevitable that subsequent debates will reveal flaws and defects to be corrected before it goes to a vote. But it can already be said that the proposal has more benefits than drawbacks. It opens up ways for parties to defray their expenses legally, and also permits more effective control over abuses. "We are trying to fit today's reality into the law and end all this bedlam that now characterizes campaign spending," said Almeida. "It is a realistic proposal," said Minister Sepulveda Pertence, president of the TSE.

The bill under debate produces crucial modifications in those areas. During the presidential campaign, for example, it would lift the ban on contributions by companies, up to a limit of $50,000. Contributions by individuals, the only ones permitted by the current law, would jump from $13,500 to $25,000. It is also provided that each candidate would receive the funds in a single open bank account not subject to bank confidentiality laws, so as to facilitate auditing. Under the present law, candidates spend whatever they can, submit doctored-up accounts, and often pocket whatever is left. The bill under consideration specifies that no candidate for president may spend more than $11.6 million on his campaign and, using as standard the size of the population of each state, also sets limits on the campaigns for governor.

deputy, and senator. According to the proposal, a campaign for Bandeirantes Palace, seat of the Sao Paulo State government, could not cost more than $5.1 million. The figure for the Rio de Janeiro governorship is $2.5 million. However, a deputy from Roraima State, for example, could not spend more than $5,200.

"There is no law in the world that can prevent a human being from committing an offense," said Pernambuco Deputy Roberto Magalhaes, of the PFL [Liberal Front Party]. "Spending limits may encourage the use of company slush funds." This is a reasonable observation, although, if the present situation is maintained, all we can be sure of is that the election slush funds will stay the same size. As happens with all laws, certainly the proposal under discussion in the Chamber will look better on paper than in practice. Which does not mean there will not be good laws and bad laws. People will always wonder whether, after it is enacted, the measure will be respected. The key point is not what the law says, but how the candidates behave. If they themselves are not interested in raising the moral standards of their activity, no rule will work. But it is possible, with the right kind of legislation, to supervise them efficiently. Will the courts have the resources to act? Will the fewer than 5,000 electoral judges and clerks in this country be enough? Not likely. Can we really prevent secret contributions as long as the federal revenue authorities do not have the means to break open the slush funds that are used to evade taxes, send illegal dollars out of the country and, also, to help candidates? Of course not. These are practical questions that the Chamber will have to face up to seriously if it is not to approve a new list of good intentions that is ideal for sheltering the ill-intentioned.

Democratic Limit

Setting limits on contributions and expenses for each candidate is an idea that has functioned in most countries that have decided to try it. The $11.6 million ceiling may seem modest by "collorido" standards, which are acknowledged to have permitted a surplus five times greater than that. But it is a reasonable sum when one considers that an election campaign is not a caravan meant to enrich a gang of adventurers. "Limits on campaign spending are democratic and do not inhibit the dissemination of anyone's ideas," said Deputy Miro Teixeira, of the Rio de Janeiro PDT [Democratic Labor Party]. Furthermore, $11 million is actually a lot of money for a candidate for the presidency. In well-established democracies, experience has shown spending limits to be useful.

That limit is $30 million in U.S. presidential campaigns and $20 million in France. Neither country has been entirely free of scandal, but neither have they recorded a case of a major political figure who forfeited his office because of the improperly gained funds that flowed into his coffers. Last week, two stars of the French Socialist Party, former Minister of Culture Jack Lang and businessman/con man Bernard Tapie, were beset by problems with their election accounts. In both cases, the courts discovered excess spending on the order of $2,000. It is a problem—maybe even the tip of yet another iceberg in Mitterand's obscure coffers—but nothing that compares with the condominium of Christian Democracy and the Mafia in Italy.

There, there were no limits at all—not even for the volume of contributions, nor for declared campaign spending. The only requirement, easy to circumvent, was that any donation above $3,500 had to be recorded with the election courts. While passing a scrub brush over one of the most corrupt regimes in the postwar world, the Italians are still discussing what to do from now on. Limits are the order of the day.

The New Rules

What may change for the 1994 election, according to the bill now under discussion in the Chamber

HOW THINGS ARE	HOW THEY MIGHT BE
Campaign Financing	
Only individuals can contribute and the ceiling is 200 minimum wages, now equivalent to $13,500	Companies could also contribute, up to $50,000
Free Propaganda	
Daily political air time on radio and TV, even on Sundays, during the 60 days prior to the election	The 60 days are maintained, but Sundays would be reserved for debates between candidates.
Release of Poll Results	
No restrictions on commissioning public opinion polls or publication of the results.	Polling institutions will have to tell the courts what methodology was used and who paid for the survey.
Party Affiliation	
To run for office, a candidate must have been affiliated with the party for at least six months.	The minimum period of affiliation, and of residence in the electoral domicile, increases to 10 months.
Small Parties	
With 101 members and temporary boards of directors, parties can register candidates.	Parties that received less than 5 percent of the votes in the previous election will not be able to run candidates for major offices.

* Poll Favors Sarney Over All Presidents Since 1964

93SM0414A Sao Paulo ISTOE in Portuguese 18 Aug 93 pp 30-32

[Article: "I Was Happy and Didn't Know it"; introductory paragraph in italics as published]

[Text] *"Men are happy to change masters, thinking to improve matters...in which they are mistaken because they later realize from experience itself that they have made the situation worse." (Machiavelli, 1469-1527).*

Of the presidents who have governed the country since the military movement of 1964, which would the public like to see back in office? ISTOE asked that question of 6,108 individuals from all over the country and came up with an astounding result: if the majority had its way, none of them would return to power. If the voters had their choice in a hypothetical election between Fernando Collor, Jose Sarney, Joao Figueiredo, Ernesto Geisel, Garrastazu Medici, Costa e Silva, and Castello Branco, over one-third of those polled—35.6 percent—would simply not vote. "The public must be disillusioned" is General Figueiredo's interpretation. He is absolutely right. While the percentage of Brazilians refusing to give the former presidents a second chance is surprising, even more surprising is the way the former presidents rank in popularity. The one most favored for a return to Planalto Palace is the one who gave the country its highest monthly rate of inflation (84 percent), ordered three price freezes, cut six zeros off the currency, and left office with his administration completely discredited. Jose Sarney is the former president preferred by Brazilians, having been mentioned by 17.9 percent of those interviewed.

Seven Presidents Since 1964

Name	Remarks
Jose Sarney and Joao Figueiredo	The most popular of Brazil's former presidents since 1964.
Castello Branco	The 1964 Movement's first president is preferred by voters over 50 years of age.
Ernesto Geisel	The general who oversaw the slow and gradual opening-up came in a modest fourth.
Costa e Silva	The commander of the leaden years would not receive more than 3.5 percent of the vote.
Garrastazu Medici	The "economic miracle" made him popular while he was in office, but now he is in next-to-last place.
Fernando Collor	Laid low by impeachment, Collor brought up the rear in this poll, receiving only 2.6 percent of the vote.

A PMDB [Brazilian Democratic Movement Party] senator from Amapa, Sarney is making another try for the presidency on the strength of his impression that the public misses his administration. "When I left I was greatly attacked, but now reality shows that the people recognize what I did," he comments. "During that period, Brazil grew by 25 percent. After I left office, we saw the disaster that happened." Sarney's popularity, according to the ISTOE/Brasmarket poll, is highest among young people. Sarney is preferred by 20.2 percent of Brazilians up to 30 years of age. In the other age groups, he is in second place behind Figueiredo (among those up to 50 years of age) and Castello Branco (among those over 50 years of age). Sounding like someone on the campaign trail, Sarney says that if he had a second term, he would be in a much better position to attack the problem that was his administration's weak point: inflation. "If the Cruzado Plan were adopted today, with an international exchange anchor, we would be absolutely successful," he says. "If I had had the reserves that the country has now ($20 billion), we would have had the greatest success."

Second Chance: former presidents that Brazilians would like to see in office again*

Answer	Percent
None of them	35.6
Jose Sarney	17.9
Joao Figueiredo	17.6
Castello Branco	11.6
Ernesto Geisel	5.5
Costa e Silva	3.5
Garrastazu Medici	3.2
Fernando Collor	2.6
Don't know	2.5
* Based on 6,108 interviews.	

Second place in this popularity ranking goes to someone who, during his five-year administration, did not worry about cultivating the support of public opinion—quite the contrary. Joao Figueiredo is preferred by 17.6 percent. That puts him only 0.3 percentage point behind Sarney and therefore technically neck to neck with the latter, since the poll has a margin of error of 3 percent. "When all is said and done, the people did not obey me," notes the general, who when he left office asked to be forgotten. Figueiredo, who was responsible for consolidating the opening-up process begun by his predecessor Ernesto Geisel, proposed amnesty and reintroduced the multiparty system, but placed the country on the path to recession and handed it over to Sarney with a rising inflation rate. In the last year of the general's administration, prices rose by 223.8 percent, or more than triple the 77.2 percent recorded at the start of his administration in 1979. Filled with pride because of his recent popularity, which he says is due "to the kindliness of the Brazilian people," Figueiredo is dissatisfied only with his company at the top of the list: "The only annoying thing is to wind up neck to neck with Sarney," he complains. "I left office with inflation under 15 percent, and when he left it was over 80 percent."

The first president in the military period, Castello Branco, would have 11.6 percent of the potential vote in the hypothetical election proposed to the voters by ISTOE. Among Brazilians over 50 years of age—meaning precisely the ones who best remember his administration—Castello is the leader with 21.2 percent and has a lead of nearly six points over the runner-up (Sarney at 15.3 percent). And even though he places third in the overall ranking, Castello is well out in front of the generals making up the so-called military hard line, Costa e Silva and Garrastazu Medici. That may reflect the support with which the 1964 military coup was welcomed by the middle class and the latter's gradual loss of faith in the new system as the movement's authoritarian character grew more pronounced. Geisel, for example, did not receive more than 5.5 percent of the overall vote. Even less popular are former Presidents Costa e Silva, who was responsible for AI-5 [Institutional Act No. 5] and received 3.5 percent, and Garrastazu Medici (he of the "economic miracle"), who received 3.2 percent. Armando Falcao, who was minister of justice in Geisel's administration, blusters: "These are ignorant voters who do not know about the presidents their country has had. How can they compare Geisel and Castello Branco, two men who were completely prepared to take over the presidency, with Sarney, who said when he took office that he was not prepared for the job?"

Generation Gap
Voters have different opinions depending on age group

	Age 18 to 30 Years		Age 31 to 40 Years		Age 41 to 50 Years		Age Over 50 Years	
Rank	Name	Percent	Name	Percent	Name	Percent	Name	Percent
1.	Sarney	20.2	Figueiredo	21.1	Figueiredo	19.9	Castello	21.2
2.	Figueiredo	19.7	Sarney	18.0	Sarney	19.6	Sarney	15.3
3.	Castello	7.1	Castello	7.7	Castello	11.4	Figueiredo	14.9
4.	Geisel	4.2	Geisel	5.2	Geisel	4.5	Geisel	6.1
5.	Costa e Silva	3.2	Medici	4.6	Costa e Silva	3.7	Costa e Silva	4.2
6.	Medici	2.0	Costa e Silva	3.2	Medici	3.7	Collor	3.7
7.	Collor	1.7	Collor	2.0	Collor	1.7	Medici	2.9
	None	39.0	None	35.0	None	31.6	None	29.7
	Don't know	2.6	Don't know	3.2	Don't know	3.9	Don't know	2.0

Brazilian preferences also vary depending on region. In the South, Figueiredo is in front, followed by Castello and Sarney. The last military president is also the favorite in the North Region, while Sarney wins in Brazil's other three regions. The ISTOE/Brasmarket poll was conducted in 13 capitals: Porto Alegre, Florianopolis, Sao Paulo, Rio de Janeiro, Belo Horizonte, Brasilia, Goiania, Manaus, Porto Velho, Recife, Joao Pessoa, Natal, and Fortaleza. The completely computerized POP system was used to collect data. The five former military presidents received a total of 41.4 percent of the vote, compared to 20.5 percent for the two civilians. "This shows that the revolution is approved of," Figueiredo comments. That is not exactly the case. First of all, because it is a question of comparing a 21-year regime and five presidents with a regime that has lasted less than 10 years and has two former presidents. And second, because the high percentage of Brazilians who did not choose any of the names on the list shows that a good share of the population has not the slightest longing for the past. "The result does not indicate a preference for politicians of the authoritarian regime," says Jose Alvaro Moises, a professor of political science at the University of Sao Paulo. "The number of those rejecting everyone is very high. That group of nearly 40 percent would probably choose from among the presidential candidates now in the running." In his academic research projects, which have been frequent since 1989, Moises says he has detected a growing preference for the democratic system. The latest survey, conducted in March of this year, indicated that support for democracy was on the order of 60 percent, compared to the 43 percent recorded in the first survey.

Voting With a Regional Accent
Preferences differ depending on region of the country

	South		Southeast		Center-West		North		Northeast	
Rank	Name	Percent	Name	Percent	Name	Percent	Name	Percent	Name	Percent
1.	Figueiredo	17.2	Sarney	20.2	Sarney	23.1	Figueiredo	22.2	Sarney	17.1
2.	Castello	12.1	Figueiredo	19.9	Figueiredo	15.8	Sarney	18.4	Figueiredo	13.5
3.	Sarney	9.8	Castello	10.7	Castello	9.2	Castello	11.5	Castello	13.2
4.	Collor	5.6	Geisel	4.7	Costae Silva	6.3	Geisel	3.9	Geisel	7.4
5.	Geisel	5.3	Costae Silva	3.7	Geisel	4.7	Costae Silva	2.6	Medici	3.6
6.	Costa e Silva	2.9	Medici	3.6	Medici	4.5	Medici	2.2	Costae Silva	3.2
7.	Medici	1.4	Collor	1.6	Collor	1.6	Collor	2.0	Collor	2.8
	None	41.8	None	33.1	None	33.0	None	32.9	None	37.7
	Don't know	3.9	Don't know	2.5	Don't know	1.8	Don't know	4.3	Don't know	1.5

Paradoxically, the man now bringing up the rear in the public's preferences was the champion at the ballot box. Former President Fernando Collor had the support of 35 million voters in the second round of balloting in 1989, but now he has toppled to a level of 2.6 percent. In other words, after P.C. Farias, after Eriberto Franca, after the impeachment, and after everything else, a little over 3.5 million people are presumably willing to vote for Collor again. "Corruption in public life is no longer accepted," says Moises by way of interpretation. While awaiting the verdict of the Federal Supreme Court, Collor claims he does not intend to return to political life. If he is saying so out of fear that he will be censured at the ballot box, perhaps he is being a little hasty. If Sarney and Figueiredo were able to climb back to the top in the polls, perhaps Collor, too, can benefit from amnesty due to forgetfulness.

* Avibras Diversifies To Increase Profits

93SM0409D Sao Paulo GAZETA MERCANTIL in Portuguese 13 Aug 93 p 8

[Article by Rio correspondent Fernando Paulino Neto]

[Text] In a market that has cooled down, both because of a decline in foreign demand (end of the Iran-Iraq conflict and the increase in competition caused by the United States's more aggressive approach to the sale of armaments that used to be almost completely absorbed internally), and the decline in internal demand (very few orders from the Brazilian Armed Forces because of budget cuts), Avibras [Avibras Aerospace Industry, Inc.] has decided to diversify in order to emerge from the crisis that sent it into Chapter 11 in January 1990. "We have already paid off our debts and are ready to get out of Chapter 11, which I expect to happen by the end of the year," said company Vice President Rubens Domingos Pontes.

Before it went into Chapter 11, war materiel accounted for almost all of Avibras's sales. Now, according to Pontes, military sales are 65 to 70 percent of total volume. The executive said that the crisis in the defense industry is not unique to Brazil. "The United States had—worldwide—120,000 supplier companies for its Armed Forces, but now it has only 30,000," he said. Avibras is one of those firms.

To try to reverse its Chapter 11 status, having fully paid off its $140 million in debts, Avibras entered a wide variety of fields. Now it builds 86 percent of the trolley buses used in Sao Paulo, and recently it sold 20 units to Argentina. It signed a contract with the Inmarsat group [International Maritime Satellite Organization], which does satellite transmissions, to handle distribution to Brazil and South America.

Auto Painting

Taking advantage of its rocket-painting technology, Avibras was subcontracted by General Motors to paint its Chevette and Opala models that are no longer produced, but for which the company has an obligation to do maintenance for 10 years.

Furthermore, with investments of $7 million, Avibras is building a fiber optics factory, using technology transferred from Telebras [Brazilian Telecommunications Inc.]. The plant should be in operation within six or eight months. "Today we offer more than 200 products and services," he said. When asked about the military area, Pontes was more reticent. "We are in contact with several customers in the Middle East," he said, claiming that in that field, confidentiality is not just vital, but contractually required.

* Status of War Materiel Industry Surveyed

* Causes of Decline Viewed

93SM0386A Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 12, 13

[Article: "Remnants of an Industry" by Francisco Ferro]

[Text] During the 1970's, Brazil's defense industry overcame a tough challenge when it successfully competed in market segments that had traditionally been occupied by powerful foreign groups. In a short space of time, the industry won customers in more than 30 countries in all four corners of the globe.

By the end of 1987, it was commonplace to find, occupying prominent positions in the annual export reports published by the former CACEX [Foreign Trade Department], companies considered leaders in the war materiel industry. Avibras Aerospace Industry, Inc., was one of those companies; that year, its cumulative sales since its formation reached $1 billion.

Starting in 1988, however, what had seemed to be the most promising industrial lode in an economy that is always subject to instabilities began experiencing a series of difficulties never previously seen during its rise to prominence. Orders, both from the Brazilian armed forces and from customers abroad, declined dramatically. Production fell to critical levels, and the consequences were inevitable: a torrent of Chapter 11 filings, reorientation of production lines and—what was worse—the appearance of a legion of more than 40,000 unemployed, the representatives of a highly skilled labor force.

But what really sent the Brazilian war materiel industry into such a tailspin? How can one explain such developments as the financial failure of Embraer [Brazilian Aeronautics Company], which had once been cited as a symbol of a new Brazil and which walked proudly among leading Western firms that generate technology?

What future awaits ENGESA [Specialized Engineers, Inc.], until recently considered to be the biggest manufacturer of armored vehicles in the bloc of developing countries, but now in Chapter 11, weighed down by debts of more than $400 million? Can it be that the Armed Forces of Brazil will go back to being dependent on foreign sources in sectors where they were once self-sufficient?

Commercial Interest

The developed countries have always exerted all kinds of influence and dictated the rules in markets that are rated as high-profit. If necessary, heads of government take the stage to speed up negotiations and pave the way for the signing of commercial contracts for their defense industries. This is certainly not the case in Brazil—much to the dismay of businessmen and military officers who, "to boot," must swallow a considerable dose of the ill will they encounter in many offices in the National Congress building.

In the mid-1980's, then-Prime Minister of Great Britain Margaret Thatcher participated in negotiations to sell British war materiel to Saudi Arabia. The project, dubbed "Al-Yamamah," attracted no less than $12.9 billion to the coffers of Great Britain, in exchange for anti-aircraft systems, planes, ships, logistical support, and the construction of military bases. The extraordinary inroads made by Her Majesty's industry into Middle Eastern markets was a blow to the pride of the Americans.

The threat to the hegemony of the U.S. military industrial complex convinced then-President Ronald Reagan to take a more vigorous role in assisting with international deals developed by U.S. industry. So it was not long before the "Yankees" were also selling the Saudis military equipment packages worth millions of dollars. The Riyadh government's purchase of the M1 Abrams tank gave its manufacturer, General Dynamics, enough extra breathing room to develop a more sophisticated version of the tank for the U.S. Army.

The Government of France, for its part, was not standing still. At the end of 1989, Minister Jean-Pierre Chevenement said that sales by the French defense industry would necessarily go through the country's diplomatic channels. Reporters attending the 1990 Farnborough show in England witnessed an exchange of accusations between a U.S. reporter and French businessman Henry Martre, president of GIFAS [expansion not given], about who had sold more weapons to Iraq: the French or the Americans? Eventually, the discussion was silenced by the arrival of whiskeys and hors d'oeuvres and a "toast" to the hefty sums in dollars generated by the sector. Recently, during the Arab-sponsored International Defence Exhibition (IDEX '93), held in Abu Dhabi (see T&D Vol. 9, No. 53), French manufacturers sold $4 billion in Leclerc tanks to the United Arab Emirates.

Meanwhile in Brazil, the domestic defense industry is being brought closer to annihilation every day by unrelenting reductions in the military budgets. It seems those responsible for planning and approving the nation's spending have forgotten that unless armaments are manufactured in this country, the armed forces will have to buy their equipment overseas. Or it might just be that these same individuals naively believe that Brazil no longer needs its military institutions.

Now What, Jose?

Leaving aside the questions raised about the Brazilian defense industry, the biggest mistake the business community made was not to participate in more joint ventures with powerful international corporate groups. There was no lack of chances to do so. The French offered ENGESA a joint venture to manufacture a kind of gun for the MBT Osorio tank. The company decided it would rather go it alone and invested heavily in the effort, but could not sell the tank to anyone. The Americans were wooing Avibras, and Embraer was courted with that same sort of invitation but is only now accepting them more readily, in the form of risk partnerships.

Those potential associations, besides giving the "home-grown" industries more stability, could generate market reserves and bring knowledge of new technologies to this country, as did in fact happen with the AM-X program. Certainly multinational enterprises are less vulnerable. The world is moving in that direction. If Embraer has to cancel any of its ongoing programs, the one it will keep will be the AM-X. The agreement between the Italian and Brazilian governments calls for an extremely heavy contractual penalty if either of the partners were to terminate the relationship.

* Bernardini Industria e Comercio

93SM0386B Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 p 14

[Article: "From Industrial Vaults To Military Tanks"]

[Text] The vacuum left by the shutdown of production of the versatile Ford/Willys jeeps in 1982 led several Brazilian companies to exploit this opening and throw themselves into the military market. Many of them already had experience with upgrading military vehicles. This is the case with Bernardini, a former manufacturer of industrial vaults, bank security systems, and armored cars. Since the end of the 1970's, the company had been the principal contractor under programs to modernize the Army's combat vehicles.

After making arrangements with Toyota, manufacturer of the robust civilian jeep known as the Bandeirante, Bernardini began to develop versions of the jeeps for military use. With its introduction of the Vitoria model, the company celebrated its entry into the defense market and developed a portfolio of good customers, such as the Marine Corps of Brazil and other military institutions in Latin America.

The Burden of the Tamoio

The experience the firm gained, especially with armored vehicles, meant that it would be courted by the Brazilian Army, which proposed the development of a mid-sized combat vehicle in the 30-ton range. The euphoria then prevailing in the market, at the beginning of the decade, was decisive. But the Tamoio (MB-3), as the new vehicle was christened, brought Bernardini a lot of headaches because of the technological complexity of the project, as well as expenses of $8 million.

Not a single unit was sold, and by the time the program was suspended, the Tamoio was already in its third generation. According to Flavio Bernardini, an engineer and commercial director of the company, during the final phase of the testing the Army did not even have enough funds to pay for the diesel fuel consumed by the prototypes.

Although conceived as a modern, albeit not sophisticated, tank suitable for sale to markets similar to the Brazilian one, the Tamoio ended up being defeated in the only international competition it entered. That was in Ecuador, toward the end of the 1980's, when the TAM (Medium Argentine Tank) manufactured by TAMSE [Medium Argentine Tank Factory, State Enterprise] with Germany technology, took the contract to Buenos Aires. After that, the Tamoio returned to its home in the Ipiranga district of Sao Paulo to await—who knows—another opportunity.

Persisting

Bernardini is still active in the defense field, but much more modestly, owing to the soft demand in the sector. Its best results are being obtained in the civilian market, especially with customers in the auto parts industries. It employs 400 workers and had sales of $10 million in fiscal year 1992. Work on modernization of the M-41, production of a 30 mm gun for the AM-X jet, and adaptation of jeeps for military use were responsible for 15 percent of those revenues.

The firm's prospects as regards the military market are not particularly good, given the financial crisis in the armed forces. As for the possibility that Brazilian military procurement officers will have to resort to foreign sources to supply their needs, Flavio Bernardini said "importing might be a good deal right now. In terms of the future, however, nationalizing and developing technologies is still the best course for Brazil."

* Avibras Aeroespacial

93SM0386C Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 16-18

[Article: "Coming Out On Top"]

[Text] In the history of the aerospace industry developed by Brazil in the past 30 years, the pioneer role played by Avibras Aerospace Industry, Inc.—a private engineering company based in Sao Jose dos Campos, Sao Paulo State—is guaranteed a place of honor. First to design and develop a four-passenger aircraft, dubbed the Alvorada [Dawn], Avibras also designed a basic trainer plane called the Falcao [Falcon].

Only obstacles completely beyond the company's control kept these two projects from moving forward. The Falcon was flown experimentally and exhibited structural innovations (compound materials) that were important at the time—early in the 1960's. Ultimately, Avibras was left with only the memory of its efforts. Coincidentally, that was the same decade when the Brazilian aircraft industry took off.

The firm's pioneer spirit continued to prevail during the embryonic phase of the Brazilian Space Program, when

Avibras developed and produced the first three versions of meteorological research rockets in the "Sonda" family. When it left the program years later, it started manufacturing the pedestal and the 4-meter diameter antenna of a meteorological radar system. It also designed—and very successfully—10-meter diameter antennas and related equipment for satellite communications earth stations. Those systems now link points throughout Brazil, over a network that operates in tandem with the satellites.

Defense

Avibras Aeroespacial has subsidiaries in several industrial fields. It was military materiel, however, that earned it a worldwide reputation; it introduced onto the market a complete and versatile system of area saturation rockets known as ASTROS II (Artillery Saturation Rocket System). Besides supplying the equipment to the Brazilian Army, it adopted a bold strategy of selling the product overseas. This won it customers in Middle Eastern countries, where the ASTROS has on several occasions been used in combat.

The system has always performed very satisfactorily—witness the constant concern of the Allied High Command during the Gulf War (1991) to locate and destroy Iraqi ASTROS batteries.

ASTROS II can use three kinds of rockets, with ranges between 9 and 70 km. Firing is done conventionally, by computer, or—if the user so desires—by control radar. The system employs a single basic platform—a 10-ton all-terrain armored military truck with 6 x 6 traction that is produced in six versions by Tectran, an Avibras subsidiary (see T&D Vol. 8, No. 3).

The company's defense division does not live by ASTROS alone. At each technological stage that Avibras attained, a new weapons system left its research and testing laboratories and headed for the production line. This was the case with the FILA (Fighting Intruders At Low Altitude), anti-aircraft fire control equipment that detects aircraft and missiles flying at low altitudes. It was built in record time—only 18 months.

Recently, the company developed a missile of the very latest generation, called the FOG-MPM, a multi-use weapon (see T&D Vol. 7, No. 4). The new device uses a fiber optics guidance system and is fully operational under severe battlefield conditions where dust and smoke usually do not permit the use of laser-guided missiles, for example.

The range of military products offered by Avibras is extensive and includes rocket engines of various calibers and applications, electronic and mechanical fuses, simple and multiple warheads, disposable and reusable launchers that can be either self-propelled or towed, complete weapons systems for airplanes and helicopters, and bombs for general use. A line of Inertial Platforms and Navigation Systems (SIS) for civilian and military applications, such as missile guidance and air, sea, and land navigation is already in the initial production phase.

History Of the Crisis

Since June 1961 when it was founded by Joao Verdi Leite, an engineer, Avibras has performed outstandingly in the fields of defense, space, chemicals, electronics, and telecommunications. Until 1988, it was far and away Brazil's biggest exporter of war materiel. At the turn of the decade, however it, too, tasted the bitterness of the financial crisis that struck the defense industry, both in Brazil and all over the world.

In 1990, the difficulties led the company to file for Chapter 11. The default by overseas customers, notably Iraq, and the shrinkage of the military market were key factors in the company's decline. There followed two years of drastic measures and adjustment. Once again, Avibras won out and paid its way out of Chapter 11. By 1992 it was back in the black, with net profits of $22 million and total sales of $46 million.

The crisis forced Avibras to adjust to the new realities of the defense market. It cut back drastically on its workforce; today it has only 750 employees (in the past it had as many as 7,000). It redirected its activities, strengthening its production of civilian goods and moving very cautiously in the military segment. There is a very clear reason for this: in the 1990's, it has only been able to sell the ammunition for its lead product—ASTROS II—i.e. the product has not won any new users and has ceased to be the technological novelty the company had hoped would be a moneymaker until the year 2015. The president of Avibras once even predicted that sales of ASTROS systems would continue until 2030; he made the statement to T&D at the 1987 Le Bourget Show, an event the company has participated in since 1983.

Recently, Avibras's expectations regarding ASTROS have made no mention of such sales forecasts. This is justified by the large number of similar systems that have been introduced on the market, having come out of the arsenals of members of the former Warsaw Pact. The IDEX armaments fair, held in the United Arab Emirates early in the year (see T&D Vol. 9, No. 53), displayed artillery rocket launchers made in countries like Iran and India. Although that equipment offers neither the technology or the performance of the system made by Avibras, it could certainly dazzle potential customers because of the ridiculously low prices.

This does not mean that armies that are potential ASTROS purchasers are no longer good prospects. It means that the market for area saturation rocket launchers has become more competitive, and has shrunk. Avibras knows that by 1995 or 1996, all that leftover inventory from the former Communist bloc will definitely be outmoded. Until then, the company plans to work very cautiously and improve its service to its present customers.

* Moto Pecas Transmissoes e Engrenagens

93SM0386D Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 p 19

[Article: "Not Losing Hope"]

[Text] Moto Pecas [Moto Pecas Transmissions & Gears] is a privately capitalized Brazilian company, a member of the Sifico group. Its factory is in the Sao Paulo city of Sorocaba. The company now employs about 900 people, who produce transmissions and gears for heavy vehicles.

Until mid-1992, the company played a significant role in the defense field. Through its Military Products Division, it supplied the gears for the transmission of the X1A2 light combat vehicle, later designated the MB-2, and was selected by the Army to upgrade the M-113 tanks. A shortage of new orders led the company to deactivate that division, at least temporarily. However, Moto Pecas hopes to resume modernization of Army vehicles in the second half of this year, this time working on the self-propelled M-108 howitzers.

Charrua

In the first half of the 1980's, Moto Pecas and the Army Technological Center (CTEx) worked together to develop an armored personnel carrier using completely domestic technology. The first prototype of this machine, christened the Charrua, was ready in 1985, when the field trials began. After all the modifications judged necessary had been made, two more prototypes were built and fully approved by the Army High Command. Like every modern armored vehicle concept, the Charrua was planned to generate a series of versions. Its basic weapon is the traditional 12.7 mm machine gun, and it is equipped with six smoke-grenade launchers.

Exhibiting as its major innovation amphibious propulsion using hydrojets, the Charrua can carry 11 men (2 + 9) and is powered by a Saab-Scania DSI-11 engine that gives it a maximum highway speed of 70 km/hour and a range of 500 km. The document officially adopting the Charrua has already been signed by the military authorities, but for the time being the Ground Force has no funds to purchase it.

The Brazilian Navy has also expressed interest in the Charrua. The idea of producing a Navy version of the vehicle was studied at one time, but no progress was made in arrangements for possible mass production, owing to a total lack of investment.

The Charrua is ready to go into mass production once it gets the green light. It looks like this will not take very long. According to a high-ranking source in the Brazilian Army who talked to T&D at the end of April, the Ground Force will probably place orders for the Moto Pecas vehicle before year end—or early next year, at the latest.

* Mectron Engenharia, Industria e Comercio

93SM0386E Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 20, 21

[Article: "Exception to the Rule"]

[Text] Early in 1991, five engineers trained by the Aeronautics Technical Institute (ITA) decided to combine their professional experience in the fields of mechanics, aeronautics, and electronics and form a company. That was how they came to establish, in February of that year in Sao Jose dos Campos, Mectron Engineering Industry & Commerce, Ltd., a company oriented to the industrial automation and defense-space markets.

It was a courageous decision. At the time, the defense industry was already experiencing the enormous crisis it is still going through, and the economy was sending strong signals of the recession that still reigns in Brazil. Meanwhile, the automation field included a large number of companies. Even so, the group decided to bet on its ability to generate the latest technology. The market maxim according to which "If the product is truly needed and is a good one, customers will appear," also influenced them. Their bold move turned out well, and it was precisely the defense-space segment that offered Mectron the biggest demand and best opportunities.

Golden Opportunity

After it had been in existence a little less than three months, Mectron became involved in a Brazilian Navy project to analyze the modernization of the anti-aircraft defense system used by Niteroi-class frigates. The firm was to make a comparative study of the effectiveness of three missile systems offered to the Navy by influential foreign groups—British Aerospace (Great Britain), Alenia (Italy), and Matra (France).

So Mectron worked with those companies to discuss and validate the performance features of the spotting radar, tracking radar, optronic sights, countermeasures equipment, guns, and missiles. Within a short time, Mectron had developed Brazilian software capable of realistically representing naval combat scenarios and the entire sequence of events—from target spotting, to weapons selection, activation of the countermeasures, launching of missiles, and firing of guns until either the threat was neutralized or the ship was hit. Using the combat scenarios defined by the Navy made it possible to complete the comparative analysis of the proposed systems. The final results pleased the admirals.

The second opportunity arose in October 1991, with the abolition of Orbita Aerospace Systems, an enterprise created in the mid-1980's by Embraer [Brazilian Aeronautics Company] and ENGESA [Specialized Engineers, Inc.] that had proved not to be viable. Mectron was then selected to take over a significant portion of Orbita's commitments to the Brazilian Army for the development of the MSS 1.2 antitank missile, on which the initial work had been interrupted by the collapse of the failed joint venture.

Mectron's new duties included the supply of a modern firing simulator and testing equipment for the second and third echelons of maintenance—designed, developed, and manufactured to military specifications. Completing the logistical activities were the preparation of technical, field, and maintenance manuals, an illustrated parts catalog, and training of operators. All this was done by Mectron, which also handled the development tests of the missile—in partnership with Oto Melara, the Italian supplier of the firing stations and the ammunition.

Growth

The MSS 1.2 program, managed by the Army, was completed at a high level of quality and within deadline. The Ground Force took delivery of the equipment and began a series of tests to evaluate future use of this defense system.

At first, Mectron's only employees were its directors. Now it employs 30 people, including engineers, technicians, and operators. Its facilities encompass areas assigned to engineering, design, manufacturing, assembly, and integration, the result of its policy of constant reinvestment and modernization.

Simultaneously with its activities in the defense industry, last year the company developed for the Institute of Space Research (INPE) a subassembly of the electronics for the imaging device on the Brazilian satellite. It also provided industrial automation services for companies in the Paraiba Valley and, most recently, won an international competition to supply the flight simulator for the Tucano [Toucan] aircraft, one with fairly modern features. The simulator was purchased by the air force of a South American country that has purchased the Embraer trainer.

Mectron's debut on the foreign market is the result of the company's effort to standardize its rules in order to obtain the coveted ISO-9000 certificate. With guidance from the Aerospace Technical Center's Industrial Development Institute (IF), with which the company is registered, a Quality Assurance Manual was developed. The routines that originated in that manual in an advanced phase of implementation and will make Mectron's products even more welcome in international competitions.

How can such immediate success, achieved under adverse marketing conditions, be explained? According to one of Mectron's founders, Antonio Rogerio Prattes Salvador, an engineer and now its commercial director, this came about because of the efforts and abilities of the entire team in turning out high-quality work that met the needs of each client. The formula is not a new one. But at Mectron, it was implemented very professionally and with a serious businesslike attitude that helped create a good image for the company in the market in a very short time.

Another of Mectron's constant concerns has been to pursue a balance between the civilian and military markets. In the civilian area, the company developed and built an electronic traffic light control system that has been installed at Sao Jose dos Campos and is being evaluated by the local city authorities. While ordinary traffic lights, the electro-mechanical systems, have only one program, Mectron's equipment offers a greater number of variations—10 different programs—so that synchronized greens can be obtained. Its price is competitive with that of traditional equipment: $1,500 each unit.

Mectron plans to introduce a new product in the medical field by the end of the year. These are systems to capture and treat vital signs of the human body, such as the brain and the heart. These apparatuses were developed by Mectron using sophisticated space-related technology. Which means: out of the technological progress made in the defense-space field has come a valuable contribution to medicine.

In 1992, Mectron reported total sales of approximately $1 million. For a firm that has only been working in a highly recessionary market for a little more than two years, this is quite a good start.

* Embraer

93SM0386F Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 22-25

[Article: "Battling Against Time"]

[Text] The Ministry of Aeronautics has always gone the last mile for Embraer [Brazilian Aeronautics Company]. This is nothing new. After all, from the outset the aircraft manufacturer has shown itself to be one of the principal components sustaining the operations of the Brazilian Air Force (FAB). In recent years, however, the generals have not felt at all comfortable having to witness, without being able to do anything further, the drama of problems played out by the Brazilian aircraft maker. Trouble is, the company now has to look beyond the Aeronautics Ministry for the medicine that would alleviate its suffering.

A study of the financial status of the company, including suggestions for its rapid return to health, has languished at the Ministry of Finance since last year. Government aid has been postponed in favor of more urgent priorities. The government has literally spent fortunes to pay off debts incurred by public corporations that have gone bankrupt because of the Brazilian economic crisis. In mid-May, shortly after having been interrogated by the full Senate concerning the Odebrecht case, then-Minister Eliseu Resende, of Finance, confided to a PMDB [Brazilian Democratic Movement Party] senator that the government was spending more than $3 billion to meet commitments assumed but not honored by state-owned enterprises.

As if that were not enough, the National Treasury is smarting under an international default of about $800 million resulting from Brazilian exports that were backed by government credit insurance. On the list of those transactions is one by Embraer—slightly over $80 million from the sale of airplanes to Egypt.

Furthermore, funds raised by the National Destatization Funds have been of little help in filling the federal government's coffers. "We need to streamline the privatization program and be more energetic in using it to raise funds," a congressional source told T&D. "Then the government would be able to channel the investments obtained into repairing the economic status of public corporations that are considered to be of strategic importance, like Embraer," the source concluded.

Embraer will certainly be rescued by the government, inasmuch as its present financial condition is extremely complicated. It cannot borrow any more money on the market, because its capacity for indebtedness has been exhausted. Besides, proceedings aimed at privatizing it are grounded somewhere in Brasilia. "Perhaps at the end of next year," an advisor to the BNDES (National Bank for Economic and Social Development) told T&D, when asked about the date for the auction. As for selling the firm to private enterprise, some political leaders have expressed fierce opposition. This is true of the mayor of Sao Jose dos Campos, Angela Guadagnin of the Workers Party (PT), who is joined in that position by the president of that city's metalworkers' union, Antonio Donizete Ferreira. Be that as it may, Embraer is arm-wrestling against time, managing the financial crisis as best it can.

Domino Effect

One of the most celebrated aviation manufacturing plants in the Third World, Embraer now has, officially, a contingent of 5,800 employees, a payroll (declared) of somewhere between $9.5 and $10 million, and liabilities that now approach $1 billion, of which about $600 million is short-term debt. In the past three years of its administration it has racked up losses of about $750 million. Given this tangle of difficulties, the industry that depends on it is also experiencing dramatic moments and does not know where to turn. It is adrift in a sea of uncertainties and relying only on whatever fair winds may blow from Brasilia.

It has not been easy for engineer Ozires Silva, reassigned to head Embraer shortly after leaving the Collor administration, to administer the state enterprise's crisis. Brazil's economic priorities today are tied up with social programs. "Hunger, misery, and that contingent of abandoned children would arouse the sympathies of anyone, even me," Silva told T&D in mid-May. The former infrastructure minister knows that Brazil must be made to start growing again in order to combat those ailments, and this also means investing in research and development.

Ozires Silva believes the Brazilian aircraft industry will recover financially. "If I did not have faith in Embraer's future, I might as well go back home and sleep," the company's superintendent exclaimed in a conversation with T&D. It could not be otherwise. The campaign to gather a million signatures in favor of saving Embraer—although it did not arouse the country's enthusiasm or win much space in the national press—progressed with the necessary celerity and attracted the support of important political leaders, especially from the Workers Party. And the PT has been much more responsive to the company's plight than have conservative political groups, such as the former PDS [Democratic Social Party] headed by Paulo Maluf (a personal friend of Silva).

Salvation

A pro-Embraer "package" is in the works, but is being kept under lock and key. It is known that it calls for an end to the taxes levied on aircraft construction in Brazil—amounting to about 19.2 percent of the final price of each plane—and involves an increase in Embraer's capital through contributions from its biggest domestic creditors, including Bank of Brazil. By the way, Bank of Brazil President Alcir Calliari was one of the top executives in the Brazilian trading company that represents Brazil in relations with the Spanish manufacturer that is responsible for supplying the wings for the EMB-145, the 48-passenger craft with which the state-owned enterprise hopes to make its "re-entry" onto the national market by the end of 1994.

Embraer's directors may be thinking of other measures, such as spending an additional $300 million to accelerate delivery of the AM-X jets (20 more for the FAB before the year is out) and [obtaining] a generous second credit of $200 million for the Aeronautics Ministry's order for the CBA-123 transport. Embraer needs to have some of these planes flying the colors of the FAB so it can make demonstration flights in countries considered to be potential customers.

While waiting for these things to come to pass, Embraer has been standing on its own feet. On the morning of 20 May, during a ceremony at Sao Jose dos Campos that was attended by Sao Paulo Governor Luiz Antonio Fleury Filho, Minister of Aeronautics Lelio Vianna Lobo, the mayor of Sao Jose dos Campos, and other officials, Embraer officially presented the prototype of the EMB-312H Super Tucano or Tucano H, the plane it hopes to supply to the FAB and foreign operators and will enter in the competition for a huge U.S. contract to purchase 600 to 800 trainer aircraft for the U.S. Air Force and Marine Corps.

On the day of the party, when representatives of Brazil's and other countries' aerospace industry showed up *en masse* at the company's facilities, it was announced that a $40 million line of credit had been released by the Bank of the State of Sao Paulo (Banespa) to underwrite the importation of components needed for Embraer's production lines. Governor Fleury Filho has been a steadfast ally of the company.

Performance

Last year, Embraer built 22 planes in the Brasilia line, two Bandeirantes [Pioneers], nine AM-X fighters, and 16 Tucano trainers—14 for Colombia and two for the FAB—besides 31 sets of flaps for the U.S. MD-11 commercial jet and dozens of light planes. That performance generated sales of $333 million, of which $143 million came from the military market.

Expectations for 1993 are that the company will have sales of $400 millon and will build 24 Brasilias, 10 AM-X fighters, nine Tucanos for France and three for the FAB, 22 sets of flaps for the United States, plus 60 light planes, which come in three versions. Investments in modernizing plant and equipment have fallen from $20 million (1990) to $1 million (1992).

* Aeromot Aeronaves e Motores

93SM0386G Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 28, 29

[Article: "Looking For New Routes to Success"]

[Text] Founded in 1967, Aeromot Aeronaves e Motores S/A [Aeromot Aircraft & Engines, Inc.] is now a holding company that controls two other publicly held companies—Aeromot Industria Mecanica Metalurgica, and Aeroeletronica Industria de Componentes Avionicos, both headquartered in Porto Alegre, Rio Grande do Sul. Last year the group had sales of $18 million from its activities in the aerospace and military markets. It has 410 employees.

Originally established to do aircraft overhaul and maintenance work, an activity it still pursues, Aeromot ultimately became quite actively involved in more complex industrial projects, which led to the establishment of its subsidiaries. Aeroeletronica, for example, designed and certified under applicable military standards several electronic components for the T-27 Tucano aircraft. Besides making those items, it manufactures weapons command and control systems, the plane's repeater (for use by the instructor), alarms to indicate malfunctions in on-board systems, and many other components of the Brazilian trainer aircraft.

Aeromot has contributed four systems of its own design to the AM-X program; these are used in planes flown by the air forces of Italy and Brazil. It has built eight other systems under license for those aircraft, including V/UHF communications equipment, inertial navigation equipment, TV cameras, HSI, HUD, etc. With the decline in Armed Forces budgets, this close relationship with the military market inevitably led to cash flow problems for the group, which is owed some millions of dollars for equipment already delivered.

Expanding

While it waits for payment schedules to resume normal patterns—which does not depend on the ministries, but on budgets—Aeromot is working out its problems as best it can. Aware that conditions in neighboring countries are tough, too—but not as dramatic as in the Brazilian case—the group has invested in those markets, with good results. Several Latin American military institutions use the services of this *gaucha* company to maintain their aircraft and helicopters, along with the accessories and components.

On the domestic military market, both the Aeronautics Directorate of the Navy and the Army's Aviation Brigade are on Aeromot's list of customers. It does overhaul and modification work on helicopter components—especially instruments, radios, and automatic pilots—for both services. Its involvement with the Ground Force is maturing and has already given it access to some more ambitious projects in the area. Recently, it did a study for the Army on the industrialization of a laser-guided missile, the MSS 1.2, developed jointly by Italian and Brazilian manufacturers. Aeromot was actually invited to work on the project, specifically on the development of the simulator and the testing equipment. However, "our company had no intention of verticalizing its activities in such a technologically super-specialized field, so the Army handed over the responsibility for the Brazilian part of the project to a Sao Jose dos Campos firm," engineer Claudio Barreto Viana, president of the group, told T&D.

Power Glider

The Aeromot group is quite well-known, thanks to its policy of diversifying its activities within its specialty field. Its business includes activities ranging from commercial representation of aircraft and avionics makers to the manufacturing of seats for commercial aircraft, mechanical components for Embraer [Brazilian Aeronautics Company], on-board computers used in urban transit services, and self-propelled air targets, or "drones."

The AMT-100 power glider, dubbed the Ximango, of French design and developed by Aeromot in Brazil, is considered to be one of the best pieces of equipment in its category. Having performed feats such as crossing the Andes cordillera in both directions at an altitude of 6,300 meters, the apparatus has already been exported to France and Argentina. In Brazil, the Ximango is used not only in recreational aviation; it is also used on patrol missions by the Military Brigade of Rio Grande do Sul State (See T&D Vol. 7, No. 3).

Recently Aeromot developed the AMT-200, or Super Ximango, equipped with a Rotax 912 four-stroke engine. Both types of gliders are being readied for a debut at the famous Le Bourget Air Show in mid-June, at which Aeromot will be an exhibitor. The craft will make demonstration flights as part of the event's program.

* IMBEL

93SM0386H Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 p 30

[Article by Andrea Pachu: "An Intelligent Partnership"]

[Text] In the second half of the 1970's, the Brazilian Army decided to configure some of its organizations, the ones that were to produce some of the goods needed by the force, in the form of business corporations. So, in 1977, it created War Materiel Industry of Brazil (IMBEL) in the form of a state-owned enterprise associated with the Ministry of the Army and fully capitalized by the federal government.

Given the need that existed at the time to encourage the installation of a defense industry in this country, the company's objectives were from the outset clearly defined by the military sector. One of the goals was to collaborate in the planning and manufacturing of war materiel through the transfer of technology, providing incentives for the establishment of new manufacturing facilities, and rendering technical and financial assistance. Its by-laws also provided for the creation of subsidiaries and the acquisition of equity interests in other companies whose activities are related with its own purposes.

Despite the Crisis

Today, IMBEL consists of an administrative headquarters in the city of Sao Paulo, three commercial offices, and five operating units scattered through three states. The latter are factories and are divided by product line. Two of them, the President Vargas Factory (FPV) in Piquete, in the interior of Sao Paulo State, and the Estrela Factory (FE) in Mage, in Rio de Janeiro State, are devoted to production of chemical derivatives such as dynamite, gunpowder, propellants, fuses, detonating cord, hydraulic ignition devices, etc.

The units at Itajuba (FI) and Juiz de Fora (FJF), both in Minas Gerais State, meet the demand for weapons, ammunition, cutlery, and forging and milling services. The Communications Material and Electronics Factory, which rounds out IMBEL's manufacturing facilities, manufactures computerized systems and communications and is located in the city of Rio de Janeiro. IMBEL's work force totals more than 3,000 employees.

IMBEL has not escaped the crisis that is sweeping the defense sector. The volume of orders has dropped off, and many expenses have had to be cut. Even so, the company is managing to keep important projects going, such as the construction of a single-base powder factory. Another interesting fact is that despite these somewhat unfavorable times, the firm is demonstrating a concern for the environment. Its 1993 budget includes about 6.3 billion cruzeiros for investment in cleaning up and protecting the environment at its factories.

Expanding the Product Line

In January of this year, the Ministry of the Army, through its War Materiel Directorate (DMB), signed a contract with a Swedish firm, Chematur Engineering AB, to produce in Brazil, with advanced technology, all sorts of powders needed in the manufacture of explosives, ammunition, and flares. The responsibility for managing the project is assigned to IMBEL, which will soon be able to compete on the international market backed by modern production, management, and marketing methods.

Incidentally, the company is already exporting weapons, conversion sets of 5.56 mm and .22 LR calibers, and replacement parts to countries in North and South America, Africa, Asia, and Europe. Furthermore, it has joined forces with the Brazilian Cartridge Company—CBC and, in 1992, associated itself with the British firm Royal Ordnance, thus establishing South America Ordnance, headquartered in Sao Paulo. This new corporation makes and sells ammunition for cannons and mortars, mainly for foreign customers.

Partnership with the British Aerospace group could yield new dividends for IMBEL. T&D has learned from market sources that a new accord may be implemented, involving the British and the Army's state corporation, to take control over the technological assets of the now nearly-extinct ENGESA [Specialized Engineers, Inc.]. Certainly the trend to closer ties between Her Majesty's industry and the Brazilian one is spurred by the Armed Forces Retooling Program, to be activated in the very near future. The privileged IMBEL has moved out ahead in this race.

* ENGESA

93SM0386I Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 32, 33

[Article by Francisco Ferro: "A Machine Suspended in Time"]

[Text] Prepared to discover new markets for armaments "Made in Brazil" [preceding phrase in English], the technology developed by ENGESA [Specialized Engineers, Inc.] figured prominently in several armies of Latin America, Africa, and the Middle East, spurred by the Ministry of Foreign Affairs' National Policy for Export of Material for Military Use (PNEMEM).

Determined to enter the battlefield without a backward glance, the company developed a tank of the latest generation, the EE-T1 Osorio, and with it plunged into a deep financial crisis from which there is little chance it can be rescued alive. When it went into Chapter 11, ENGESA left more than 8,000 people unemployed and is now under the protection of the Brazilian Army, which is merely acting as coordinator for a possible sale of the company.

It is certainly true that political and economic factors unfavorable to the Brazilian war materiel industry battered the years when ENGESA faltered. But it is still valid to point out, for example, that its management neglected a lucrative market niche it had discovered—wheeled armored vehicles—in order to challenge much more traditional and powerful competitors on the international market.

Intoxicated by the prospects of selling the Osorio to Saudi Arabian buyers, ENGESA invested money it did not have to try to win over its potential client, giving short shrift to the technical assistance needed in about 35 countries that use the light-weight armored vehicles it had been selling throughout its existence. At the peak of its success, it yielded to a weakness—Brazilian megalomania—without carefully gauging its backing in terms of capabilities and structure.

Giant Steps

In 1984, Jose Luiz Whitaker Ribeiro, who was then president of the group, told a British journalist based in Brazil that within six years at most, Brazil's defense materiel industry would surpass that of England in importance. The British correspondent thought that was very interesting and started keeping tabs on exports of Brazilian armaments. He ended up a spectator to a drama in which the very same Whitaker tries desperately, but apparently without success, to convince the Brazilian government that ENGESA is now a state-owned enterprise and therefore cannot go bankrupt. Oddly enough, it is on British industry that ENGESA is now pinning its last hopes for recovery.

With the development of the Osorio, the same philosophy that had guided the manufacture of the Cascavel ten years earlier was reinforced by fairly advanced methods of computer-aided design (CAD) and computer-aided manufacturing (CAM). The battle tank that ENGESA built consumed a little more than $50 million in investments and was ready within a relatively short time. When it was finished, the company was able to show off a tank that had a high degree of protection, excellent fire power, and was equipped with modern electronic systems.

To give a rough idea of the capabilities of Brazilian armaments engineering, the German MBT (Main Battle Tank) known as the Leopard cost Krauss Maffei, its manufacturer, no less than $5 billion over a 10-year period of development. Before it finally went into regular service, 21 prototypes had been exhaustively tested. In the case of the Osorio, only three prototypes took part in the testing phase. The "father" of the German tank, engineer Paull Werner Krapke, was visibly impressed and astonished to learn the details about the fabrication of the Brazilian tank during his visit to Brazil in mid-1986.

Attempt to Recover

Beset by $440 million in debts, ENGESA has been in Chapter 11 since early 1990. Last December it was absorbed by the Brazilian Army, through War Materiel Industry of Brazil (IMBEL). At the beginning of the crisis, it was even offered to British Aerospace, but the negotiations faltered in the face of the enormous liabilities and certain market factors. However, the initiative did result in the creation of a joint venture between Brazilians and the British—South America Ordnance, based in Brazil, to manufacture subcaliber ammunition. The European group expressed renewed interest in ENGESA shortly after the trip that Minister of the Army General Zenildo de Lucena made to London two months ago.

Despite these efforts by military authorities to formulate a new ownership structure for ENGESA, bankruptcy is now considered in many official circles to be the only way to cut a path through the day-to-day suffering of hundreds of employees who have been put out on the street and left to their own devices. Meanwhile the Army continues its arduous task of coming up with some plan to try to salvage the technology that ENGESA developed—even if under another name—and the millions of dollars it [the Army] paid for vehicles it never received.

---

* Interview With Helibras Director

93SM0386J Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 8-11

[Interview with Helibras superintendent Gerald Jose Raymond Negrel, by Francisco Ferro and Cosme Degenar Drumond in March 1993, place not given; first eight paragraphs are T&D introduction]

[Text] The first time helicopters were deployed under combat conditions was during the Korean War (1950-53) when the Americans used them for medical evacuations and rescue work. After that, the French used them in huge numbers in North Africa against the Algerian rebels (1954-62). Since then, combatants in other conflicts have witnessed the firepower, versatility, and efficiency of the helicopter, which was definitively recognized during the wars waged in Southeast Asia. Incidentally, helicopters were first used by the armed forces and only later in civilian aviation.

But it was in 1972, during a simulated exercise between tanks and helicopters armed with antitank missiles—the Ansbach Tests—that the performance of this kind of equipment really surprised people: for each helicopter shot down, no fewer than 18 tanks had been destroyed.

Constant technological evolution has made the helicopter more and more complex and boosted its capabilities. The new materials and methods used in building these aircraft have led to the development of more rugged models that can carry more cargo and travel farther without refueling, are built of more reliable mechanical components, and produce less vibration—hence less crew fatigue.

Helicopters were first used in Brazil in the 1950's, by the Brazilian Air Force and then by the Navy. More recently, in 1989, the Army took delivery of its first units. The helicopter made its debut in Brazilian civil aviation in the mid-1960's.

Today these aircraft are present in many kinds of activities. In the military field, they are used to transport personnel or cargo, for search and rescue, reconnaissance, and attack—besides assisting communities that are struck by disaster. In the civilian field, they are increasingly evident in transportation (air taxis, executive flights, external loads, prospecting, agricultural uses) and in para-public deployment.

The establishment of a helicopter industry in Brazil came about in April 1978 when Helicopters of Brasil, Inc.—Helibras was founded at the Aerospace Technical Center (CTA) in Sao Jose dos Campos in the interior of Sao Paulo State. Two years later, the new industry moved to its own facilities in Itajuba, in southern Minas Gerais State.

In March, in order to learn more about the markets in which Helibras is active, especially the military segment, T&D interviewed the director-superintendent of the company, aeronautical engineer Gerald Jose Raymond Negrel. Born in France, Gerald Negrel joined the Aerospatiale group in 1970 as head of its commercial department.

In January 1972, Negrel took over as director of the office of the chairman of Eurocopter, a European industrial group that is now Helibras's technological partner. Last August he came to Brazil to replace Bruno Bolnois, a Frenchman, as a director of the company. Here is the interview he granted to Francisco Ferro and Cosme Degenar Drumond.

[T&D] Helibras will be 15 years old this year. How is it doing?

[Negrel] Helibras has undergone a series of transformations during this period. The latest phase in this cycle occurred in 1990, when the firm was privatized. I would say that the company has now reached a very good stage and is on a fairly solid foundation from both the human and physical resources standpoint. It is a company that turns a profit, employs 260 people, and is ready to begin a new phase in its life.

[T&D] How would you describe the current state of the Brazilian market?

[Negrel] Considering Latin America as a whole, the Brazilian market is far ahead of the others, especially in importance. But like the world market, the Brazilian market is also facing difficulties. The crisis once loomed larger. When I look at the subjects that were being discussed one or two years ago and compare them to what we are talking about today, I can see that the Brazilian market is starting to recover.

[T&D] What is the potential of this market for products like the helicopter?

[Negrel] Eurocopter and Helibras have done market studies for Brazil and South America. Unfortunately, I cannot divulge the results, because of our competition. The impression I have, however, is that those markets have a very high potential in terms of helicopters.

[T&D] As for the Brazilian military market, what are the prospects for Helibras in light of the declining Armed Forces budgets?

[Negrel] The Armed Forces buy aircraft on credit. Usually the terms are long, as much as eight years. France is still providing financing to Brazil, and the payments have been made within the stipulated deadlines. Therefore, I do not think there will be any problem getting new lines of credit.

[T&D] Do the sales made by Helibras to the Armed Forces feature built-in financing? How does that work?

[Negrel] So far, sales made to Brazil have been made through Eurocopter. Helibras entered the negotiations only in order to do the industrial work. The contract and the financing terms are the responsibility of Eurocopter. There is nothing to prevent our continuing the relationship with the Armed Forces via this same system in the event they need more equipment.

[T&D] Among police forces in Brazil, the Military Police of Sao Paulo is Helibras's biggest customer. What is the company doing to persuade other police forces, either military or civilian, to use Helibras equipment?

[Negrel] Helibras already enjoys a very good reputation with the military and civilian police forces in several Brazilian states. We think the states that have already bought our helicopters will need to add to their fleets. As for the police forces that have not yet bought our aircraft, we hope they will do so some day. The helicopters in the Eurocopter line are, obviously, the best suited for that kind of operation.

[T&D] At present, military helicopter pilots are trained in models that are normally employed on other kinds of missions, which makes this task much more expensive. Is Eurocopter thinking about developing a cheap version of one of the helicopters in its line, solely for instructional use?

[Negrel] Something very important is happening now in terms of trainer aircraft: the U.S. Army plans to select a trainer helicopter. The Americans will need about 350 units. The same thing is true of the armed forces of France and Germany. So Eurocopter has suggested an instructional helicopter for those countries—basically, a simplified Esquilo [Squirrel]. We have already been talking to the Aviation Brigade of the Brazilian Army and with the military police about this matter. The best thing to do is wait and see what helicopter the Americans decide to select.

[T&D] So you think that whatever model is selected by the U.S. Army might also be used by other armed forces, including the Brazilians?

[Negrel] Certainly. The most prudent course, however, is to find out what manufacturer was chosen, why it was chosen, who was turned down, etc. Then we really will have an idea as to which is the best kind of aircraft for instructional use.

[T&D] Recently a joint venture was set up between a Brazilian company, Neiva, and a U.S. helicopter manufacturer, Enstrom, to build a light helicopter here in Brazil. Might that venture threaten the supremacy of Helibras aircraft on the domestic market?

[Negrel] We are the only manufacturer of helicopters in Brazil today, but we have always operated on the assumption that a second manufacturer might emerge. However, there are two points that need to be made: the helicopter model that Enstrom will build in Brazil is different from the versions that Helibras produces. Enstrom has a small, lightweight craft whose operational performance is consistent with its size. Helibras does not have that kind of helicopter. The second point—we are more concerned about Neiva, since the market for that kind of helicopter is very limited. In the past four years, for example, total world sales of Enstrom helicopters amounted to 44 units, while worldwide sales of the Esquilo during the same period totalled 680 aircraft. Therefore, I do not know whether Neiva made a good choice, but that is its problem.

[T&D] Is there a significant cost/benefit ratio between an Esquilo and a lighter helicopter?

[Negrel] Cost is really very important, but not the determining factor in influencing a purchasing decision. If cost were the most important factor, the situation I described earlier would have been the other way around, i.e., Enstrom would have sold many more helicopters around the world than Helibras has. I think whatever decision is made by the U.S. Army as regards its training helicopter will influence a lot of other countries, since the craft will be representative of the years ahead.

[T&D] When the Brazilian Army chose French equipment for its aviation branch, several factors were taken into consideration, such as, for example, price and payment terms, level, transfer of technology, etc. Do you believe those factors would qualify the Cougar as the Brazilian Army's future heavy-duty helicopter?

[Negrel] The Cougar is already a potential candidate for the Army because of its excellent performance and technical capability. If it could not be compared with its competition—such as the Black Hawk, for example—there would be no argument. Above all, the Cougar is an excellent product, and not just because Helibras is in Brazil or because the financing terms are favorable.

[T&D] But might not the strong foundations already laid in Brazil by Eurocopter via Helibras be considered decisive in the Brazilian Army's choice?

[Negrel] In the first place, the Cougar is already being used by the Armed Forces of Brazil—in the Navy and in the Air Force. Our goal is to provide a fully qualified maintenance service, even for the Cougar. That is the first axiom in our strategy: to do all the maintenance for the Esquilo, Pantera [Panther], and Cougar right here in Brazil. That is why Helibras is investing $2 million between 1992 and 1994 to continue to be able to offer our clients high quality maintenance work—not just for Brazil, but for all of Latin America.

[T&D] You are monitoring the Brazilian Navy's programs to build new ships, vessels that will require the adoption of organic helicopters for the corvettes, for example. Could you comment on this?

[Negrel] I am familiar with the corvette program and the studies being made to equip those ships with helicopters. But as far as I know, the helicopter will be the Westland Lynx.

[T&D] The Brazilian Navy has identified a need for other kinds of ships, such as patrol boats. In that case, would the Esquilo be more appropriate?

[Negrel] The Esquilos are actually being used by patrol boats with excellent results. I saw this myself last year when I was visiting Navy and Air Force units in northern Brazil.

[T&D] In that connection, does the Brazilian Air Force (FAB) have a helicopter purchase program that it might implement in the foreseeable future?

[Negrel] From the meetings I have had with Air Force personnel, I conclude that the FAB has no plan to buy helicopters in the near future. At least, that is the information I have.

[T&D] How does Helibras, which is responsible for marketing all the helicopter models produced by the Eurocopter consortium, assess the prospects for sales of the BO-105 and BK-117 aircraft on the Latin American market?

[Negrel] In South America, I think the chances for sales of the BK-117 are better. Helibras has bought one BK-117—the latest version—the BK-117-Cl, equipped with an Arriel engine. We will be taking delivery soon and will start demonstrating it in Brazil. We have quite a lot of faith in the sales potential of this aircraft in Latin American countries.

[T&D] What kind of missions is the BK-117 best suited to perform?

[Negrel] Police work and medical transportation. The initial contacts with potential customers for this helicopter have been very positive.

[T&D] Could you tell us the price of the BK-117?

[Negrel] It depends a lot on the optional equipment. Without that, it costs somewhere between $3 and $4 million.

[T&D] What level of technological development has Helibras achieved during the 15 years of its existence?

[Negrel] It is important to point out that when an Esquilo helicopter comes off the assembly line it has to meet the same technological and quality standards as an Esquilo built in Marignane, in France. Those same requirements apply to the maintenance, overhaul, and repair services. Of all the Eurocopter branches scattered around the world, Helibras is the only industrial facility that builds helicopters outside France and Germany. That is proof of the transfer of know-how. The percentage of integration in Brazil is 30 percent on assembly and production lines, including mechanical overhauls. I think that the maximum level would be 40 percent, since not even Eurocopter attains 100 percent in the manufacture of a helicopter. The turbine, for example, which is not manufactured by the Eurocopter group, can represent 60 percent of the cost of a helicopter.

[T&D] You mean that the goal is to centralize in Brazil almost all the manufacturing of the items that make up a helicopter, except, of course, for the power plant?

[Negrel] I can assure you that negotiations are already under way with a Brazilian manufacturer aimed at the production of subassemblies and parts for the Esquilo.

[T&D] Can you give us the name of this potential partner?

[Negrel] No. But I can tell you that it is a rather well-known manufacturer in the aviation field.

* Impact of Decline Viewed

93SM0386K Sao Paulo TECNOLOGIA & DEFESA in Portuguese Mar-Apr 93 pp 34, 36

[Article: "Portrait of the Lost Decade," by Cosme Degenar Drumond]

[Text] Situated less than 100 km from Sao Paulo, Sao Jose dos Campos, in the Paraiba Valley—a city almost 40 times smaller than the capital of Sao Paulo State—is an unretouched photograph of what in Brazil has come to be called "the lost decade." The sadly famous Eighties.

Buffeted by two periods of deep recession—one at the beginning of the last decade and the other at its end (with repercussions that are still being felt today)—the 1980's witnessed almost the entire history of a grandiose dream that ended in disaster: the rise and fall of the Brazilian war materiel industry.

Sao Jose dos Campos made its appearance on the most important strategic maps of the world because of what in Brazil must be understood as the agglutination of the defense, aviation, and aerospace industries in general—but the city's reputation as a high tech [preceding words in English] hub, a center of undeniable importance for research and development of defense equipment, an enclave vital to the mobilization of the industry in support of the Armed Forces (especially in the event of an emergency)—that image is fading with every day that passes.

This city of approximately 440,000 is being held hostage by a legion of unemployed and idle workers—about 25 percent of its labor force—mired in underemployment (which some economic illusionist prefer to label as "the informal economy") or simply, in abandonment. "EMBRAER MUST NOT BE TOMORROW WHAT ENGESA IS TODAY," read the banner extended by a group of laid-off employees standing across the street from the Sao Jose dos Campos factory at the end of May. They and hundreds of others are still waiting to receive payment of their labor entitlements.

The trashing of the Brazilian war materiel industry began in earnest during the Jose Sarney administration. In the opinion of the president of the Sao Jose dos Campos metalworkers' union, Antonio Donizete Ferreira, the "neoliberal" government of Fernando Collor, however, was the biggest cause of the dismantling of that industrial segment in Brazil. At the beginning of May, Donizete led a group of 106 former ENGESA [Specialized Engineers, Inc.] employees who were ready to resume production at the company's factory in that city, acting through a recently-formed cooperative (Copergesa).

In the 1991 census, the IBGE (Brazilian Institute of Geography and Statistics) discovered that the migration from the capital city of Sao Paulo State to its interior regions—hailed by urban planners of the early 1980's as the salvation, a way to escape the hazardous process of the capital's transformation into a macrometropolis—had clearly reversed itself. The recession is pushing a considerable mass of workers back to the capital city (with all its deceptive attractions). These are people who had moved to the interior in an effort to combine employment opportunities with a quiet life far from the upheavals and violence of the Sao Paulo capital.

Emergency Measures

An "ungoverned" Brazil changed the course of its people. Sao Jose dos Campos, which concentrates in its research institutes a mass of privileged brains—has been unable to produce an antidote that would free the city from the detrimental effects of the economic recession. Sao Jose dos Campos now has a fabulous number of sandwich shops, video stores, bakeries, luncheonettes, consulting firms, and hundreds of other small and medium-scale business born out of the wave of unemployment that has invaded the Paraiba Valley.

Most of those businesses are managed by former employees of Embraer [Brazilian Aeronautics Company], and Avibras [Avibras Aerospace Industry, Inc.] many of whom possess extremely high-level professional expertise. "People get by however they can, and it is Brazil's loss," a T&D reporter was told by an engineer in the city who has personally felt the effects of unemployment for two years now. He says that in more confidential conversations one can sense that the local population fear there may be a possibility—however remote—that the city might be sitting at the edge of a gold mine, only to discover that the vein of gold has been exhausted. The vein of gold in this case is the defense industry.

To prevent another 2,000 layoffs at Embraer—that is the estimated number of idle workers at the factory today (the company challenges this figure, insisting that the work force is at the limit of the so-called "critical mass")—the Workers Party (PT) has mounted a crusade in Brasilia to save the company. Its plan is to have a Legislative Front, with firm support from the PT, carry to the President of Brazil a "package" of emergency measures for dealing with the company's debts. In return, the PT-controlled City Hall of Sao Jose dos Campos would not need to worry, at least not for awhile, about new "adjustments" of personnel at Embraer, i.e., more layoffs.

The city's legion of unemployed has exacerbated the demand for public services from the local authorities, especially at all levels of the school system. Furthermore, there has been a sharp drop in the value of residential real estate, owing to the huge supply of private homes for sale.

Ping-Pong

It is already recognized that the "lost decade" left Brazil a legacy of $2.45 trillion in losses, since the country failed to grow at the rate of 4.79 percent per annum as it had between 1965 and 1985, when the war materiel industry also grew and projected itself on the international scene. The biggest loss to the country, however, has been the brain drain. Many researchers left Brazil, lured by better job offers in universities such as those in Lisbon, Canada, and the United States.

According to Goias Senator Irapuan Costa Junior (PMDB) [Brazilian Democratic Movement Party], the present situation in the Brazilian war materiel industry is one of the reasons for the shrinkage in the budgets of the Brazilian Armed Forces. The strategic investments that are necessary for any armed force and useful to any country, if only just for development's sake—have been fought against and cut back in Brazil. "The problem facing the Brazilian researcher is well-known, and twofold: not only is his salary low, but he cannot get the laboratory materials and equipment he needs for his research work," the legislator told T&D on 14 May.

The opinion expressed by the Goias senator coincides with the views of former Minister Ozires Silva, now director-superintendent of Embraer. To him, there are no incentives in the technological area in today's Brazil. Silva is right. As of the end of April, for example, Brazil still did not know what its 1993 budget contained. Meanwhile, the Clinton administration was releasing its figures for the 1994 U.S. budget. In the defense part of that budget, no less than $1 billion is reserved for use in science and technology, with priority given to the development of dual-use technologies, i.e., projects in the military field that have benefits for civilian society. "The United States did not establish its position in the world context by selling bananas," Silva concluded.

None of those circumstances—the possibility of an ENGESA bankruptcy, the financial crisis at Embraer, or the loss of Avibras's market—is by itself enough to condemn the Brazilian war materiel industry to oblivion. And certainly none of them means the end of the Sao Jose dos Campos technological complex.

* SCD-1 Successfully Completes Six Months in Orbit

93SM0409F Sao Paulo GAZETA MERCANTIL in Portuguese 11 Aug 93 p 11

[Article by Sao Jose dos Campos correspondent Virginia Silveira]

[Text] The Brazilian data collection satellite known as SCD-1 and launched on 9 February of this year from the Kennedy Space Center in Florida, USA, completed six months of operation yesterday, orbiting at approximately 760 km above the earth. During this period, according to the National Institute of Space Research (INPE), which is responsible for developing it, there has been no sign of degradation of the systems that comprise the satellite, which means its useful life expectancy may be as long as two years.

The only change observed by researchers at INPE's Satellite Tracking and Control Center was in relation to the number of rotations by the satellite, which dropped from 120 RPM to 89 RPM. However, according to Pawel Rozenfeld, chief of the center, this reduction in the number of rotations had already been expected and does not pose a threat to its life span in space. As of 1146 yesterday, the satellite had circled the globe 2,612 times.

The satellite's successful performance in orbit, according to INPE Director General Marcio Nogueira Barbosa, has led to approval of a plan to use the SCD-1 via permanent installation of a data collection network within Brazil. Plans call for installation of a network of Data Collection Platforms (PCD's) composed of 250 channels for real-time transmission of environmental data. So far, according to INPE, about 27 PCD's have been installed in Brazil. Eleven of them are being used to measure carbon dioxide and ozone emissions; four are located in the ocean near the coast to measure the tides; and three are being used for meteorological measurements of humidity, air pressure, and temperature. INPE also plans to take advantage of platforms already being operated with foreign satellites by hydroelectric plants and by the Ceara Foundation for Hydrology and Meteorology (Funceme).

According to Director Marcio Barbosa, the Ministry of Science and Technology has reserved 200 satellite data collection platforms for use in operational projects and 50 for scientific research. Two major initiatives are being pursued in the operational areas: one of them in the context of the Northeast region calls for formation of units integrated with the Weather Forecasting and Climatological Studies Center (CPTEC) to monitor the drought in the region.

"Right now, eight units have been formed and 50 specialists have been trained," he noted. Their main job, according to Barbosa, will be to manage the water resources of the country's Northeast. Starting next year, INPE expects to install at least 80 data collection platforms in the region for this purpose.

Chile

Government Supports Yeltsin; Planned UN Speech Discussed

PY2309012293 Santiago Radio Cooperativa Network in Spanish 2300 GMT 22 Sep 93

[Text] Foreign Minister Enrique Silva Cimma said the Chilean Government will officially propose changes in the United Nations' organization. Silva Cimma will depart for the United Nations tonight. The foreign minister said Chile will propose changes to the system used to integrate the Security Council, which is currently made up of five countries. [as heard]

Silva Cimma said Chile will walk to the podium at the UN General Assembly on 27 September, adding that at that time he will talk about a policy of Security Council integration and will propose a broader representation of regions on the Security Council. Silva Cimma said that within this context, Chile might support some selected countries, independent of the approval of the suggestion on which they have been working.

Silva Cimma said Chile does not object to Japan's participation in the UN Security Council, the organization looking after world peace. The minister said that during his UN speech he will stress the Chilean Government's decision to create multicentered international relations. The foreign minister also will speak about the need to modernize multinational organizations.

Silva Cimma said that while in New York he will meet Rio Group representatives. The minister added that representatives will discuss the Cuban blockade. Something we oppose, Silva Cimma emphasized. The foreign minister said, however, that Chile will not resume diplomatic relations with Cuba because the president is in charge of the country's foreign policy, and he believes Chile must not change its policies toward that country as long as it does not introduce democratic reforms.

On 1 October, Silva Cimma will travel from the United Nations to New Zealand to join President Patricio Aylwin in his new tour that also will take him to Australia.

We also must note that today the Chilean Government reiterated its support for Boris Yeltsin's reform process. This was made known by the Foreign Ministry after reiterating its full support for the process of structural reforms sponsored by Yeltsin's government. The position was made public through a declaration stating that the government is closely following events in the Russian Federation. According to the document, the government supports the reforms seeking to establish what is called a pluralist and democratic society in that country.

The Foreign Ministry document says the Chilean Government trusts current events in Russia will be solved peacefully.

Army Commander Pinochet Interviewed

PY2209143493 Santiago EL MERCURIO in Spanish 12 Sep 93 p D2

[Interview with Chilean Army Commander General Augusto Pinochet by Raquel Correa at Armed Forces headquarters in Santiago—date not given]

[Excerpt] [passage omitted] [Correa] You must be the only person to have headed a strong government and then continued as Army commander under a democratic regime?

[Pinochet] I think so. And this is because we are democratic. I never knew any other kind of system.

[Correa] Do you feel comfortable living in democracy now?

[Pinochet] This democracy was inherited from the previous regime.

[Correa] With the "perpetuation laws"?

[Pinochet] You call them "perpetuation laws." [Pinochet laughs] This country lives on slogans.

[Correa] Did you encourage or allow the "Army show of force" last 28 May?

[Pinochet] Listen, everyone got so nervous, just because the media made everyone nervous. Wearing combat gear... If you go round the corner you will find people dressed in combat gear.

[Correa] General, was the 28 May demonstration just a way of drawing the peoples' attention to Army problems?

[Pinochet] If that is how you wish to interpret it...

[Correa] Did you authorize it?

[Pinochet] I give the orders in the Army.

[Correa] Was it a sort of bloodless coup?

[Pinochet] No! It was a very peaceful act. It was an expression. Everyone wearing military uniform, that does not violate the regulations. The "black berets" did not paint their faces.

[Correa] What if they had surrounded La Moneda with tanks?

[Pinochet] That would have been a very different matter.

[Correa] Did you have to reassure your troops at that moment?

[Pinochet] Many times. I am not talking about reassuring them, but sometimes you have to calm the people down because their patience has a limit and harassment generates reactions.

[Correa] Are you the tranquilizing element within the Army?

[Pinochet] Oh, come on! Don't say that because it could lead people to think many things. [Pinochet laughs]

[Correa] Why did you not express your unrest through the appropriate channels?

[Pinochet] Are you trying to get me to say things I ought not to say? Some maintain that it was because some documents were not being handled in an expeditious manner. Just look, some have been debated for two and a half years. I am not involving the president in this. For example, taking two and a half years to approve an operative unit that does not entail a great cost, not a large number of officers, ammunition, or anything! Something was wrong. [Pinochet bangs his fist on the table]

[Correa] It was said that the defense minister was the appropriate channel.

[Pinochet] ...it seems there were other concerns.

[Correa] Did you not consider that the president was abroad at the time?

[Pinochet] Nobody intended to act against the president. I am the first to respect the president, because I am in favor of a presidential system.

[Correa] Are you more in favor of a presidential or military system?

[Pinochet] Both. But look, you request an audience which is denied for understandable reasons, but the next day it is postponed again, and on the third day there are press reports stating that eight generals were summoned to testify in court. I had a meeting and they were all upset... Then came the action which I consider peaceful. Nobody used weapons. Everyone was in combat gear. You must bear in mind that bomb attacks were perpetrated the night before.

[Correa] Is it true that among your proposals was a salary increase for the Army personnel?

[Pinochet] No. You should not mistake things... A salary increase is necessary but there is an appropriate moment for everything. What makes you think I would ask the president such a thing?

[Correa] Do you believe 10 percent of Codelco's [Copper Corporation] profit should continue to go to the Armed Forces?

[Pinochet] Of course.

[Correa] Does this mean Codelco cannot be privatized?

[Pinochet] Why not? Another mechanism to guarantee that we will continue to have resources that are basic for national safety should be studied.

[Correa] Are you in favor of privatizing the copper mines?

[Pinochet] I was going to privatize them but was advised against doing so because I was told it was not the appropriate moment. Therefore, other measures were implemented such as separating Chuquicamata.

[Correa] Is it true you asked for the defense minister's head?

[Pinochet] I beg your pardon. I was once the president.

[Correa] You even mentioned some names.

[Pinochet] No. I can swear I did not. How could you image I would request the replacement of a minister? When I was president, if someone had come to ask me to dismiss someone, I would have dismissed the person who made the request. You cannot do that. I did not ask for anybody's dismissal. That is for the president to decide.

[Correa] But you told him you were not happy with his minister?

[Pinochet] Not at all.

[Correa] Did you request the removal of the war under secretary?

[Pinochet] Nobody. Don't you see that this is the best way to confirm someone in his post. I do not uphold anybody. I merely pointed out that there were 110 document still awaiting to be processed.

[Correa] Do you want a new amnesty law to cover the 1978-90 period?

[Pinochet] I am sure the best way to solve this situation is to pass an amnesty law, a definitive amnesty law, so that we can move on to another stage.

[Correa] Have you seen what has happened in countries that implemented amnesty laws?

[Pinochet] I saw four individuals playing the bass drum at the obelisk in Buenos Aires. I think the only solution to end this situation is an amnesty law.

[Correa] It would favor your people, would it not?

[Pinochet] It would not only favor my people. Do not forget that the Mexican who killed Lacrampette [not further identified] was released in 1978 through a law that also freed various hundreds of other extremists.

[Correa] For you, the ideal thing would be another amnesty law?

[Pinochet] It would be the ideal solution because we could start again from zero.

[Correa] But the president said that a new amnesty law was not viable.

[Pinochet] He told me that himself. I only gave him my opinion. If the law is not viable, well, it is not viable. But that is my opinion and I respect his opinion.

[Correa] General, what about a minimum degree of justice?

[Pinochet] Look, it was an atypical war. You must remember that if you keep rubbing a wound it will never heal. Yesterday, [Pinochet shows his hand] I cut myself with a knife. I did not rub it and it is already healing.

[Correa] Do you think a small wound on the hand can be compared with the pain of having lost a father or a son? Or with the pain of knowing that someone dear to you disappeared after being detained?

[Pinochet] Look, [Pinochet bangs his fist on the table, annoyed] I have seen documents to prove that a certain individual was commissioned by the Communist Party to kill his own father-in-law. They also took people from around the country to Iquique and then helped them cross the border to Los Turcos where they had guerrilla training bases. Once trained they were brought back to the country and replaced by another group.

[Correa] We can understand the death of an individual during a confrontation; he who fires first survives. But to take a prisoner to a military unit and then hear nothing else ever about him is something else. This is what happened to those who were detained and then disappeared.

[Pinochet] That might have happened to some, I do not deny it. Many things occur during a dirty war.

[Correa] But do you not think this situation is different?

[Pinochet] The rules of war are not respected during an atypical war. It was an atypical war with all its problems and mistakes.

[Correa] Why do you keep on active duty officers who were involved...?

[Pinochet] Because they are being tried. You cannot retire those who are being tried until the trial ends.

[Correa] While in uniform, and on television, Pedro Espinoza [Brigadier Octavio Pedro Espinoza Bravo, who was charged with participating in the murder of Orlando Letelier, foreign minister under President Salvador Allende, on 21 September 1976 in Washington] refuted Michel Townley [who was extradited by Chilean authorities to the U.S. in 1978 charged with murdering Letelier]. Are you not supposed to remain silent and not defend yourselves in public?

[Pinochet] We can stay silent but we are not fools. You cannot expect me to remain silent if you say all sorts of things. We remain silent when the discussion is on military or political issues, nothing else.

[Correa] You have said that the Army does not have anything to apologize for.

[
t have anything to apologize for. Why would it?

[Correa] Do you admit that your people could have committed outrages?

[Pinochet] In the midst of the struggle, during the fighting, they could have committed outrages... This was an atypical war.

[Correa] And when a patrol knocks at a door, takes someone away, and the individual is never heard of again?

[Pinochet] That is not something I would do.

[Correa] But you allowed it to happen.

[Pinochet] I did not permit any of that. Whenever I found out something wrong I reported it to the court.

[Correa] You created the Dina [National Intelligence Directorate]—which is thought to be responsible for the majority of cases involving missing people—and you appointed General Manuel Contreras, one of your trusted men, to head it.

[Pinochet] We needed an intelligence service when we had those problems.

[Correa] But the Dina did not only engage in intelligence operations, it also participated in repressive operations.

[Pinochet] Sometimes intelligence services act like that, but it is not the normal procedure.

[Correa] If there were outrages in Lonquen, Calama, Pisagua...

[Pinochet] And a bus full of Carabineros, almost all of whom died.

[Correa] But in this case what happened was clear. They were heroes who were buried like heroes.

[Pinochet] If the dead were from the other side they would also have been buried like heroes. Heroes of the cause! It all depends on how you look at it. You do not understand.

[Correa] If you could change anything that occurred during that atypical war, in hindsight, would you?

[Pinochet] If anyone wants to ask for forgiveness, let him do so. I will not apologize for what we did as an institution.

[Correa] But the gesture of recognizing it. Saying: "Yes there were outrages. We regret it."

[Pinochet] No. There were outrages on both sides. A lot of outrages were perpetrated by the other side.

[Correa] Do you regret the outrages committed by men in your Army?

[Pinochet] We all regret outrages, but it is quite different when you participate in a fight, as I understand it. When we were in the midst of the fighting at the Cajon del Maipo, had I been able to take my gun out I would have shot the fellow shooting at me.

[Correa] That was an ambush and you were armed. I am speaking about unarmed prisoners, cases of torture, human right violations, executions without trial.

[Pinochet] The outrages could have occurred on both sides because there was a fight going on. The outrages you mention, the cases you tell me about... it all depends on how you look at it.

[Correa] Do you justify everything that happened by saying there were outrages on both sides?

[Pinochet] I am not justifying anything. Do not twist my words. I do not have anything to regret.

[Correa] Do you not think that arrogance prevents you from contributing to the reconciliation?

[Pinochet] It is not arrogance. I repent to God. I think there will be reconciliation eventually, if the wounds are not constantly reopened. We are constantly calling on Pedro, Juan, and Diego to testify... The incidents occurred 20 years ago, and those people do not remember any more. Do you remember an incident back in 1972 when people coming from outside occupied a piece of land in the area of San Fernando and raped a woman in front of her children? Do you remember that the woman later committed suicide? Had you forgotten that incident? No one repented over it.

[Correa] The mother of Carlos Berger, who was executed in Calama for the crime of not closing his radio the day of the coup, also committed suicide.

[Pinochet] I am telling you that there were outrages on both sides. Many outrages occur—as I have said repeatedly—during atypical wars.

[Correa] What is your opinion on the failure of the so-called "Aylwin Law?"

[Pinochet] You tell me why did they rejected the bill? It was like "a nice boy" who became a monster. I have already given you my opinion on this matter.

[Correa] Now you are just like at the beginning.

[Pinochet] I prefer to stay as we were. The original bill, with a few small amendments, was satisfactory. I told the president what I felt.

[Correa] If Congress had approved Article 3, guaranteeing secrecy, would you have ordered those who knew about the detainees who subsequently disappeared to reveal what the knew to the courts?

[Pinochet] I do not order that kind of things.

[Correa] What do you think about the monument in honor of those who died during the military regime?

[Pinochet] The monument does not carry the name of any soldier. That may force us to smelt a few cartridges to manufacture 500 or more plates to place at the doors of the barracks in memory of those who died for Chile's freedom.

[Correa] You have said that you will stay as commander in chief to defend your people.

[Pinochet] I am defending them. And I will continue to defend them.

[Correa] Do you want to die with your boots on?

[Pinochet] Yes. I want to be buried in my combat uniform.

[Correa] Do you really think about your death?

[Pinochet] The longer you live, the more you realize you are getting closer to the end.

[Correa] Are you afraid of the end?

[Pinochet] No.

[Correa] What about the final judgment?

[Pinochet] I am not afraid of it either.

[Correa] Would you like to become senator for life to continue to defend your institution?

[Pinochet] [Pinochet smiles] I have no ambitions, but I will accept the role if the day comes when I have to make a decision.

[Correa] Do you think it is fair that you can become a senator while President Aylwin cannot?

[Pinochet] Why not?

[Correa] The Constitution does not allow it, even though he was elected in democratic elections.

[Pinochet] It is a question of interpreting the Constitution. I think he will become a senator.

[Correa] Lastly, is the rule that commanders in chief cannot be removed nonnegotiable?

[Pinochet] I think the rule is essential. I checked the laws in different countries and found that the president cannot remove the commanders in chief.

[Correa] What if that disposition is amended? What will the Army do? Will it stage a liaison exercise, a uniforms show, a tank show, or will it carry out a bombardment?

[Pinochet] We will respect the law.

Colombia

* De la Calle Says Samper Proposals 'Incoherent'

93P20356 Santa Fe de Bogota EL TIEMPO in Spanish 29 Aug 93 p 7A

[Interview with Liberal Party precandidate Humberto De la Calle; place and date not given]

[Excerpts] "The machinery is not going to decide the next election and Ernesto Samper, the incoherent candidate, is going to get a big surprise, because nothing has been decided yet," says precandidate Humberto de La Calle, just three days before the beginning of the Liberal campaign.

"There are certainly fissures and irreconcilable positions in Ernesto Samper's campaign," he warns. "For that reason I believe that Colombians have a right to know who is the real Samper who is campaigning: the Samper of Horacio Serpa or the Samper of Fernando Botero."

De La Calle said that his criticisms of Samper are not personal attacks, but rather a confrontation of ideas and attitudes. [passage omitted]

Changing Positions

[EL ESPECTADOR] How do you explain Ernesto Samper's continual changes [in his position on issues].

[De La Calle] They are worrisome. It is very difficult to establish exactly what Samper thinks about this or that issue because earlier examples of his changes in opinion have already become proverbial. First, he told us he favored the legalization of drugs. In March of 1990, following the assassination of well known national leaders, he reiterated that, more than ever, conditions were propitious for legalization. But one month later he changed his opinion because polls showed that this was an unpopular position."

"He tells us he will oppose an revaluation of the peso, but almost all of his initiatives are contrary to a proposal of that kind. The fiscal spending that he promises in every speech will exacerbate the fiscal deficit. He also talks about returning to an "apertura" [economic liberalization] that is gradual and selective, and herein lies a real contradiction. Apertura has already happened. What does he mean by gradual? Is he going to denounce the free trade agreements with neighboring countries? Is he going to reinstate tariff protection? A policy of this kind would, by reducing imports, also lead to a revaluation of the peso, which makes those proposals incoherent."

De La Calle added that "with regard to foreign debt, we also see a serious lack of coherence. During the last campaign he said that he would propose a national referendum to let Colombians decide whether to continue making payments on the foreign debt or to begin renegotiating it. He said we could not continue to be the pawns of Latin America, meeting debt obligations while others set the prices for our exports. And today we see that he holds the opposite position and that his economic policy makes no mention of issues of this kind. We also see his inconsistency with regard to the social security project because the decision to ask congressmen to go along with him in putting on hold discussion of the initiative shows a lack of decisionmaking ability, a lack of leadership with respect to the contradictory currents which fuel his presidential candidacy. Colombians have a right to know what kind of president they would have if he were elected: the Samper who is linked to the privileges of the past and of the political class, or the Samper his image advisers would like to sell us."

It Has Not Been Decided

[EL ESPECTADOR] Is Samper certain to be the Liberal candidate because he controls the political class?

[De La Calle] Yes, they have wanted to sell the idea that the Liberal primary has already been decided because 80 percent of congressmen and 80 percent of the political machinery support Samper. I believe that this is a big fallacy, because it is not the political machinery that is going to decide the next election. We have already seen in the past how voters are capable of freeing themselves from the political machinery and making the best decisions for Colombia, and this is going to be emphasized in the outcome of the coming Liberal primary. There is a lack of correspondence between Samper's approval ratings in the polls and the machinery that supports him. While some 80 percent of the machinery backs him, only 36 percent of Liberals support him. My candidacy has achieved popularity ratings of 18-20 percent without machinery and after a short campaign.

* Precandidates' Campaigns, Advisers Discussed

93SM0394A Santa Fe de Bogota EL ESPECTADOR in Spanish 1 Aug 93 p 8A

[Text]

Full Steam Ahead: Ernesto Samper

Ernesto Samper and his team of advisers are conducting a modern campaign, with direct and clear messages and an ongoing public hearing with specific sectors of society.

Although his campaign has not been formally launched—the kickoff will take place in mid-September—it is already moving full steam ahead at its headquarters on the 33d floor of the Orquidea Real Hotel, formerly the Hilton, in downtown Bogota.

There will be a central headquarters in the northern part of the city, however, and at least two alternative headquarters. There will also be headquarters in each of the 10 main cities in the country.

Samper's general staff consists of the following people: Juan Manuel Turbay, secretary general; Fernando Botero, national coordinator; Horacio Serpa, political coordinator; Carlos Holmes Trujillo, coordinator of popular participation groups; Rodrigo Pardo, image coordinator; Juan Fernando Cristo, coordinator of the communications cabinet; Guillermo Perry, economic program coordinator; Monica de Greiff, treasurer; and various groups in charge of environmental, youth, business, women's, labor, and peasant issues, as well as others.

Listen To Decide: Andres Pastrana

Andres Pastrana's campaign has not yet gone beyond the closed circle of planning tactics. Even so, some elements of the strategy he will employ with the electorate are known.

He has not yet declared his candidacy, but his headquarters has already been set up in the same place that was used when he ran for mayor of Bogota, which, in turn, was Belisario Betancur's headquarters in the 1982 campaign. They call it "the house of Conservative triumph," and it is located at the intersection of 34th and 26th Avenues in Bogota, near the council.

Pastrana believes in that old saying that God gave man two ears and a mouth...so that he could listen twice as much and speak half as much. Thus, his idea is not to make speeches from balconies or in public plazas, but to listen to people so that he can offer concrete solutions.

During this preliminary phase, he has made study and observation tours. Recently he visited the "four tigers" of Asia: Korea, Singapore, Thailand, and Taiwan. He looked at the profile of their economic problems and took notes on some elements of the "miracle" that has taken place in those countries.

He borrowed ideas from the Hong Kong experience that later showed up in much of the Statute to Fight Administrative Corruption.

Government Thievery: Carlos Lemos

Although at one time the traditional district of Teusaquillo served as the headquarters for political campaigns, now they tend to be located in the north, especially on 100th St. in Bogota. That is where De la Calle's headquarters is, and nearby, that of Carlos Lemos. Ernesto Samper's headquarters will be set up a few blocks to the south.

Lemos has based his political strategy on an intensive campaign against corruption, the excessive growth of government, and the need for public safety. These messages have been broadcast directly to the community in every town he has visited.

The campaign is oriented toward public opinion, and for that purpose, Lemos has a veteran team of advisers headed by Fabio Echeverri Correa, ex-president of the National Association of Industrialists (ANDI), and former Minister Jose Manuel Arias Carrizosa. Bogota City Councilman Carlos Ronderos is also on his team of advisers.

Structure in Place: Juan Diego Jaramillo

Juan Diego Jaramillo already has a complete organization that has been in place since his last Senate race.

According to him, he has about 1,500 people in the principal cities: Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Armenia, Pereira, Manizales, Pasto, Popayan, Villavicencio, Arauca, Florencia, San Andres, Quibdo, Valledupar, Monteria, Riohacha, Cucuta, Tunja, Cartagena, Santa Marta, Neiva, and Pitalito.

The campaign has a national coordinator, Juan Felipe Vernaza, and task forces in charge of certain issues or interest groups that meet weekly: advisory committee, academic and legal, students, public relations, professionals, women, etc.

Public Opinion: Humberto de la Calle

A few days ago, a modern headquarters was opened up on 100th St. at 15th Avenue in Bogota. It is a large house that was slated for demolition, but its owners decided to turn it over to Humberto de la Calle's campaign. It was immediately remodeled, with a reception area, press office, advisers' offices, and service area fixed up on the first floor, and the candidate's offices on the second floor.

The campaign has a modern structure, with a team of professionals who are constantly analyzing information, studying the country's main problems, and submitting documents to serve as a basis for Humberto de la Calle's position statements.

The manager is Alberto Calderon Zuleta, former manager of the Bogota Power Company; Alfonso Esguerra is national coordinator, Jorge Acevedo is program coordinator, Jorge Mario Eastman, Jr., is working on political analysis, and Nohora Correa is in charge of communications. The latter includes running the press, radio, and television departments, and compiling the political stories that appear in the media.

Informal Campaign: Miguel Maza Marquez

Retired General Miguel Maza Marquez has a headquarters in Bogota for the time being, and he plans to open alternative headquarters in Santa Marta and Barranquilla. His campaign operates on the basis of a very informal structure, which includes a private secretary, an image adviser, and a press secretary. In keeping with his claims that he is a "non-politician," Maza does not have a political adviser.

This team contacts people who support the candidacy in various regions and asks them to form autonomous groups that are to be propelled by their own dynamics.

The financial situation is simple: The campaign started out with 2 million pesos and now has 8 million, all contributed by individuals interested in promoting Maza's candidacy. He is known to receive financial support from medium-sized business owners in the textile sector and some major developers.

All Over the Country: Rodrigo Marin Bernal

His campaign strategy has been oriented toward touring the country and speaking directly to the electorate in the towns where, in his words, "the poll takers do not go."

Since he launched his campaign, he has been in nearly 200 municipal jurisdictions, from the north coast to the plains of the east, from the Pacific coast to Caqueta in the south, and Norte de Santander in the east. In addition, he has made long journeys through Boyaca, the coffee region, Tolima, Huila, and Cundinamarca.

He organizes the political work directly from his residence, in northern Bogota, where he has a team of secretaries, messengers, and personal advisers. Unlike Andres Pastrana, he does not plan to resign from the Senate for now. "It is a natural place for politics to take place and a very important forum," he said.

During this period, he has denounced vehemently what he calls "the corruption of the regime."

He plans to bring together most of the Conservatives in the country, and he has already received majority support from the faction traditionally known as the Alvarists. Marin Bernal believes that his group will account for at least nine senators and more than 15 representatives in the elections of next March.

Alliance on the Move: Antonio Navarro

Antonio Navarro Wolff, candidate for the Democratic Alliance M-19, already has, in addition to his headquarters in Bogota, information centers in Medellin, Pereira, Armenia, Santa Marta, Cartagena, Bucaramanga, Neiva, Cali, Barranquilla, Popayan, Florencia, and Mocoa. He has a large number of activists who are working in every city, sector by sector, depending on the specific needs of each locality. This week, Augusto Rodriguez was named campaign coordinator in Bogota.

Navarro's strong suit, in his opinion, is his methodology, which relies heavily on citizen participation. For this purpose, a structure has been set up that calls for task forces in each municipal jurisdiction. They are to issue documents called "government commitments," which sum up local priorities. The candidate signs them before a notary public in order to enter into a pact of honor with his followers.

Among the principal issues dealt with by the task forces are peace, social justice, corruption, the environment, and economic policy.

All Around the Country

Enrique Parejo Gonzalez: He has an active debate adviser, Rafael Amador, with whom he has toured much of the country and publicized his platform, which is very critical of the Cesar Gaviria administration. Parejo has severely questioned the current government plan, including everything from the surrender policy [for drug traffickers] to the economic liberalization. He works out of his home, and now that he has stepped down from the Council of Bogota, he will step up his tours of the country.

David Turbay: His objective has always been the north coast, where he enjoys particularly strong support, especially in his home department of Bolivar. But his political strategy, guided by Senator Jose Name, has won him supporters in Narino, Boyaca, and the two Santanders, among other departments. Many believe that his aspiration is to create a political stir in the Liberal consultation so that he will be chosen as the vice presidential candidate. Turbay, however, says that what he wants to do is demand respect for the rights of the Colombian region. That is why his slogan is "President at all costs" [a play on words that also means "president of the whole coast."]

Roberto Gerlein: He does not like advisers or publicity campaigns or entourages. His political strategy is based on his fiery oratory and his struggle to defend the interests of the most underprivileged sectors. He has toured a good part of the Atlantic coast since he launched his campaign, and he is firmly convinced that the Conservatives' internal consultation process for choosing the presidential candidate is a good idea.

Gabriel Melo: His strategy is to go all over the country and establish a presence in all social sectors, without exception. His financing is handled by a committee that checks to see where the money comes from. He has no complaints about the results. He has 29 campaign committees, and he is always looking for votes by explaining his programs. He has an important forum in the Congress of the Republic, and he believes that corruption is one of the country's main problems.

Rodolfo Gonzalez: He already has campaign committees in several cities, primarily in Bogota and Bucaramanga, his hometown. He is a harsh critic of his competitors' "modernist" strategy, which involves large-scale media campaigns. Gonzalez believes he should campaign "among the people, listening to their concerns and needs."

Luis G. Sorzano: He has just launched his campaign as a Liberal, and for now, his campaign is in the organizational phase. He is strongly opposed to the Liberal consultation process, and believes that the first round of presidential voting is the only possible consultation.

Rodrigo Llorente: He already has headquarters set up in various regions of the country. In nearly six months of campaigning, he has covered much of the national territory. His strategy is based on direct communication with the community, although he is much in demand as a university lecturer because of his experience in public finance.

* Andres Pastrana on Political, Economic Issues

93SM0402A Cali EL PAIS in Spanish 3 Aug 93 p B3

[Interview with Conservative Party presidential aspirant Andres Pastrana by EL PAIS reporter Luis Alfonso Mena; in Cali, date not given: "Before Being a Candidate, Andres Pastrana Is Getting to Know the Country; "I'm Not Running Yet"]

[Text] Despite the fact that everyone regards him as an aspirant for the presidency, Andres Pastrana resents it when he is referred to as a candidate. He insists that the only thing he wants to do right now is to tour the country in order to talk with people and really get to know what they think. He does not seem to be worried that all his adversaries in the election campaign have gained a lead on him in the race. And he has decided to little by little go on making rapid progress, like squandering security.

Pastrana aspires to be the candidate of the Conservative Party, but also of other political forces.

He says that, if things went badly for the president in London, it is because of the constitutional rule on expropriation through administrative channels. And he recalls that he warned us about this when he proposed its reform in Congress.

He is in Cali organizing an international forum on corruption. In the midst of the hustle and bustle of this contest he spoke with EL PAIS.

[EL PAIS] In Cali Juan Diego Jaramillo said that your rating drops in the polls every time you talk. What do you think of this?

[Pastrana] I don't understand that assertion because we retain first place in the polls. Furthermore, I'm not a candidate for the presidency. I am today one of you fellow journalists, since journalism is the only profession I have at present.

[EL PAIS] When will you decide on your candidacy?

[Pastrana] We wanted to begin to tour the country to exchange views in the face of Colombians' anxieties. We have very broad views on the problems that are common to us, like the one we're discussing now, corruption. But I think it worthwhile to exchange opinions with people in the different parts of the country since each of them has its own problems.

[EL PAIS] What do you need to reach a decision?

[Pastrana] A lot of things are lacking. It's still too early in the campaign.

[EL PAIS] What are you spending your time on?

[Pastrana] We've just finished a job in Congress and today we want to respond to the invitations Colombians have extended to us to engage in a dialogue with them.

[EL PAIS] Some people are saying that your record in Congress was not satisfactory....

[Pastrana] O.K., but there are those who say that it's extremely satisfactory. So, as with everything in politics, there'll always be contradictions. Having been instrumental in creating the Ethics Commission, which I has proposed, having outlined the Corruption Statute, and having succeeded in producing the only administrative reform that ever existed constitute a very good record.

[EL PAIS] But it didn't go well for you with your proposal for reform of Article 58 of the Constitution with respect to expropriation through administrative channels....

[Pastrana] They did, of course, defeat me on that issue, but today it is the country that is paying for it—unfortunately. You see, the reason for the failure—as some people described it—of President Gaviria's visit to London lies precisely in the fact that the country isn't going to be able to sign any bilateral investment agreement since the possibility exists in Colombia that it might violate property rights. Property rights have to be defended because it's not just a matter of foreign investment here. If outsiders are alarmed, what are we insiders supposed to think?

[EL PAIS] During your administration, will the neoliberalism set in motion by President Gaviria continue?

[Pastrana] President Gaviria's neoliberalism—as you put it—is different from Andres Pastrana's position because what I identify myself with is a social market economy, by which I mean promoting investment by public entities in the social sphere.

[EL PAIS] Will there be more privatizations?

[Pastrana] If government efficiency is involved, yes, because what we cannot have is amalgams. Just think about what is happening in Buenaventura, where there is privatization and there isn't: Either we privatize the ports or we don't. But what we cannot accept is that people say the port is a good thing because it's in the hands of private parties when it's the state that is making the investments. If we're going to give it to the private sector, the latter should be involved in financing it. And we're going to direct the funds that we stop investing in the case of the ports to education, health, housing, ...

[EL PAIS] Are you going to be the conservative movement's sole candidate?

[Pastrana] We hope so, and we hope that the Conservative Party will lend us its support and that we can thus run on a national slate.

[EL PAIS] People say that Mauricio Guzman's New Leadership would back such a candidacy in El Valle.

[Pastrana] We're making all sorts of contacts and we hope that we can have distinguished Liberal Party figures join us.

[EL PAIS] You've made statements of a theoretical nature with regard to public morality. But the patronage [clientelismo] associated with the ticket that bears your name raises doubts...

[Pastrana] Young people wanted to have a chance to enroll in a political movement. It's a personal question.

[EL PAIS] But you have a political goal....

[Pastrana] No, by no means. What's happening is that people are not registered in the parties, as is the case in many countries throughout the world.

[EL PAIS] The nation is still worried about the violence. Are you going to reopen the dialogue with the guerrilla forces?

[Pastrana] For the time being, no. As long as the subversive groups do not offer clear indications that they want to call a halt to their activities, it will be impossible to sit down with them and discuss things. Moreover, Cuban President Castro's new position on the armed insurgents is an important development.

[EL PAIS] Would you support the policy of submission to the justice system?

[Pastrana] I proposed it almost eight months before President Gaviria at the conference of U.S. mayors. But a few adjustments have to be made in it. It's a policy that has produced results.

[EL PAIS] Would you draw a distinction between cartels?

[Pastrana] No, I believe that there is one issue. As concerns the issue of drugs, we cannot differentiate between whether we are talking about one or another cartel, about one or another of the country's regions.

[EL PAIS] What do you think of Samper?

[Pastrana] For the sake of democracy, it's important to introduce broadly based presidential candidacies.

[EL PAIS] Of the five other Conservative candidates, which one are you most worried about?

[Pastrana] Andres Pastrana, who is not yet running.

Ecuador

Constitutional Court President, Members Resign

PA2209144993 Quito Voz de los Andes in Spanish 1200 GMT 20 Sep 93

[Text] The Court of Constitutional Guarantees is leaderless following the resignation of its president and four court members. The court's precarious state seems not to merit the attention of the National Congress, much less the Executive Branch, which has not hidden its plans to definitely close the country's ethical court—a court that has failed to fulfill its duties. National observers predict the Court of Constitutional Guarantees will disappear in a matter of months.

Paraguay

Memo of Understanding Signed With Argentina

PY2109023793 Asuncion ABC COLOR in Spanish 15 Sep 93 p 13

[Text] After a four-hour delay the Paraguayan and Argentine foreign ministers, Diogenes Martinez and Guido Di Tella, signed yesterday afternoon the memorandum of understanding that establishes, among other things, the approximate date for beginning construction on closing the Argentine channel on the Pilcomayo River, and the deadline for finishing it.

The document establishes that "the construction of the control structure in the Argentine channel will begin by mid-October. All construction must be completed by mid-November, and it is understood that everything possible will be done to reduce the time required."

It is noteworthy that work will begin only after the 3 October elections (in which the constitutional reform will be decided upon), particularly when it has to do with an issue that is particularly sensitive for Formosa Province. Mid-October is the height of the rainy season, and there is no guarantee that the work will be finished by then, because as occurred last year, it is impossible to work in that sort of ground during the rainy season.

Paraguayan and Argentine negotiators did not succeed in reaching an understanding during their working days (Monday and Tuesday) and, pressed for time, had to reach some sort of an understanding, as the Argentine delegation members had scheduled their departure for 1600. The memorandum should have been signed at 1230, but was only signed at 1600, thus forcing the Argentine delegation members to delay their departure.

The Paraguayan and Argentine Governments have decided "to establish 30 October as the deadline for putting into operation the Paraguayan channel, which will result in the admittance of low waters into Chaco territory. To this extent, a technical meeting to control the development of the construction will be held on 22 October in Asuncion to determine the feasibility of the tentative date that has been proposed," the part of the document dealing with emergency corrections in the river's detour zone stated.

The document also points out that the two committees will have broad powers to decide on the actions necessary to allow an equitable amount of low waters to enter the Paraguayan channel. They also have the power to include among these actions the alternative support construction that may prove necessary.

From 15 October until a few days before the construction ends, the two governments must conduct hydraulic measurements while the work is being performed, so as to be able to foresee in time the smallUr corrections that may prove necessary. Rain, however, would prevent the work from continuing because of the large amount of sand found in the region.

The second part of the memorandum establishes a binational committee for the administration of the lower Pilcomayo River basin. This committee, the statutes for which will be agreed upon by the two countries, will be responsible for the overall administration of the basin, including all that is linked to the use and regulation of the water flow, projects and construction work, the quality of the water, and the channel's environmental impact, among other things.

Studies on the technical and economic feasilibity of the interception system to ensure an equitable distribution of the waters and prevent the water from returning to the current riverbed will be initiated immediately.

In the document the two governments commit themselves to jointly taking the necessary steps before international organizations to obtain funds to finance the project and ensure that the system is put into operation in 1994 or 1995.

Seifart, Di Tella View Need To Review Relations

PY1609021593 Asuncion ABC COLOR in Spanish 15 Sep 93 p 13

[Text] Paraguayan Vice President Angel Roberto Seifart and Argentine Foreign Minister Guido Di Tella, during a meeting yesterday at the residence of Argentine Ambassador Raul Carignano, agreed on the need to review Argentine-Paraguayan relations.

The Paraguay vice president said that the establishment of macro objectives could contribute to planned bilateral relations. He added that it is necessary to thoroughly assess the real situation, taking the cultural and economic aspects into account.

Seifart noted that relations ruled by incidents should be avoided in modern times. He added: "We must prevent our relations from being ruled by isolated incidents. We cannot spend our time putting out fires every time there is a some degree of friction. We must plan our relations so that they coincide on objectives of common interest and attain true and advantageous integration."

Di Tella said that the meeting with Seifart contributed to better understand relations between Argentina and Paraguay. The diplomat admitted the existence of problems but said that acknowledging them will help to solve them.

He commented that the disagreements between the two countries are related more to communication than to substance. Di Tella added that relations will be reviewed during the upcoming meetings to be held by government officials.

Seifart added that the conflict over the Pilcomayo River will be solved shortly. He said that Argentine workers will soon begin work on the Argentine side so that the Pilcomayo waters will flow equally into Argentine and Paraguayan territories.

Congress President Senator Evelio Fernandez Arevalos yesterday asked Argentine Foreign Minister Di Tella to maintain relations on solid and fair grounds because this is the only way to improve relations between two countries that will for ever be neighbors.

Senate President Evelio Fernandez and Chamber of Deputies President Francisco Jose de Vargas met with Di Tella yesterday. After greeting each other and holding protocol talks, Fernandez Arevalos told the visiting minister that in our relations (with Argentina) there are situations (the diversion of the Pilcomayo River) that need to "be handled adequately and thoroughly." He added: "I maintain that international neighbors will remain as such for ever. If a person has a bad neighbor he merely needs to move to another neighborhood to solve the problem: We cannot move."

The opposition senator added: "Neighbors need to establish relations fairly because they will always be neighbors. Centuries will pass and we will continue to be neighbors, therefore, our relationship must be based on solid, fair grounds because only through fairness can relations be safeguarded and strengthened."

The foreign minister voiced his agreement with Fernandez Arevalos over the need to maintain equal and fair relations between the two countries. He listed a series of problems between Argentina and Paraguay. He also mentioned the international conflicts in which Argentina has been involved with Brazil and Chile in past decades.

Di Tella ended: "We have not had that type of problem with you, nevertheless we must work to keep our relations extremely cordial, extremely fair, and extremely frank, so that we can discuss our problems."

Islands Reportedly Occupied by Argentine Naval Troops

PY2109231993 Asuncion ABC COLOR in Spanish 21 Sep 93 p 12

[Text] Residents in Ita Cora, a village in Neembucu Department's Mayor Martinez district, 50 km south of Pilar, reported yesterday that troops from Argentina's Corrientes Naval Prefecture have occupied several Paraguayan islands in the Parana River. Foreign Minister Diogenes Martinez said he has no information on the subject. The chief of the local police station said he learned about the situation from local residents.

Ita Cora residents said Argentine naval troops occupied the Verde islet and other islands and sand banks in the Parana River, for which purpose they allegedly had to evict Paraguayan fishermen who were living with their boats on those islands.

To confirm the report, we contacted the Paraguayan Naval Deputy Prefect's Office in the area. The Paraguayan officer declined to give any information because, he said, his orders are to report this type of situation to the Navy in Asuncion.

Navy Captain Cibar Benitez, aide to the military forces commander, was asked about the subject and said he had no information on the alleged invasion of the islands in the Parana River. He said, however, that if the reports turn out to be true, it will be a "very serious" situation because it would be a violation of national sovereignty.

He said the Navy has jurisdiction in that area and any event of that type should be reported to the commander. He said the Navy has a station (deputy prefect's station) in Ita Cora, which has a radio for any eventuality.

Deputy Mayor Has Residents' Reports

Ita Cora police station chief Saturnino Paiva said yesterday he is aware that the Corrientes troops occupied several islands in the Parana River, according to reports by local residents who had to move their boats and belongings to the Paraguayan coast.

"I do not have any official report, and everything I learned came from local residents, who said the Argentines took half the river, which previously belonged to Paraguay," the police official said.

He added that so far there are no reports of outbreaks of violence between Paraguayan fishermen and Argentine troops, explaining that the area is under the jurisdiction of the Naval Deputy Prefect's Office.

Foreign Minister Has no Information

Foreign Minister Diogenes Martinez said yesterday he has no information on the alleged invasion by Argentina Naval Prefecture troops of Verde islet, which is located in the Paraguay [name as published] River, in front of Ita Cora (Neembucu Department) and Itati (Argentine side).

"What we do have is a protest note from Apa River fishermen who reportedly are being harassed by Brazilian border authorities," the minister said yesterday.

He said he will take care of the situation, and the corresponding claim will be channeled through the Brazilian Embassy in Paraguay if the reports are confirmed.

"Dr. Carignano Is Not Home"

We wanted to question Argentine Ambassador to Paraguay Raul Carignano, but in his residence the reply was: "Dr. Carignano is not home." We then talked with counselor Bernardo Fernandez da Silva, who said he had no information on the subject. He recommended contacting the ambassador, who is due to return from Buenos Aires today.

Island 'Invasion' Unconfirmed

PY2209155793 Asuncion ABC COLOR in Spanish 22 Sep 93 p 7

[Excerpts] The charges that there was an alleged invasion into islands belonging to Paraguay by the Argentine Border Police [as published] have not yet been confirmed by the military authorities of our country.

General Pedro Ocampos, the chief of staff of the Armed Forces, has stressed that he has no knowledge of the charges, and indicated that his office has not requested any details on the matter.

He pointed out that the situation is extremely delicate, and that it is therefore necessary to have precise details in order to take a line of action. He indicated, moreover, that "the matter is of concern" if an invasion of our islands is confirmed.

He explained that "no voice of alarm has been sounded from the highest decisionmaking levels," for which reason he believed that the charges are perhaps not true.

He indicated that if there is any truth to the charges, then it would be unnerving for Paraguay-Argentine relations.

"The situation may not actually have happened, and could be a non-incident," the military chief stressed.

He reiterated that in the first place the high command must have evidence of the usurpation of our territory before starting to think about what type of action to take. "At the moment, therefore, all we can do is wait for more information," he said. [passage omitted]

Meanwhile, Defense Minister Hugo Estigarribia indicated that it is the Foreign Ministry that must look into the affair, because this the ministry that should have all the necessary data to determine whether our territorial border has been violated by Argentina's Border Guards.

The minister indicated that he has no knowledge of the incident, and stated that he knows very little about the topic.

Lack of Information Viewed

PY2209171493 Asuncion ABC COLOR in Spanish 22 Sep 93 p 7

[Text] Foreign Minister Diogenes Martinez has stated that as of noon on 21 September Rear Admiral Flavio Alcibiades Abadie Gaona, the Navy commander in chief, had not been informed about an alleged incident of occupation of Paraguayan islands in the southern segment of the Paraguay River, within the jurisdiction of Neembucu Department, which has been attributed to members of the Argentine Coast Guard. The minister indicated that he had requested an official report from our Navy, but the institution had not been able to give an answer. According to Martinez, the incident occurred 3 weeks ago.

Although the minister indicated that he did not wish to evaluate the Navy's conduct, he expressed his bewilderment over the fact that up until noon on 21 September Abadie Gaona had not received any official information on the matter. He stated that if the incident had occurred, then it is a question of "a not very friendly attitude" on behalf of the Argentines. He also indicated that the Navy has a base in that area.

He commented that the Argentines' intention is to become owners of the majority of the islands, which total 19, according to a document in the hands of the Border Demarcation Commission. "I am looking into the archives, but in any case that document is not valid. The document of a commission can in no way be valid for the adjudication of territory," the minister maintained.

He stressed that it is Paraguayans who are occupying the islands, and that possession of that land is ours, and that in the last instance the definition should be in the hands of more competent authorities than a mere commission. "We are going to investigate, and we are going to ask for the intercession of the Paraguayan Embassy and the Argentine Foreign Ministry in order to define the problem," Martinez added.

Martinez also revealed that he had signed a note addressed to the commander in chief of the Armed Forces, engineer Juan Carlos Wasmosy, in which he asks him to obtain official information from the Navy "which must report on the situation, because it is our belief that the islands are in Paraguay's jurisdictional waters."

Peru

Negotiations With Chile Over Lima Convention Examined

PY2209174693 Lima CARETAS in Spanish 16 Sep 93 p 28

[Text] If he argues that he has just taken over, and has to study the subject more carefully, Efrain Goldenberg, the new foreign minister, could very well withdraw the Lima Convention from the CCD [Democratic Constituent Congress] in order to continue to negotiate details and interpretations.

This is the best solution. The CCD will hardly be able to approve the Convention now, and rejecting it would cause a difficult situation with Chile. Meanwhile, the Chilean Foreign Ministry has shown flexibility in interpretating several points and resolving as yet unresolved situations.

An essential part of the problem was caused by the arrogance with which Government House and inexperienced foreign ministers like Augusto Blacker and Oscar de la Puente ignored the value of Foreign Ministry experts, failing to have the common sense to make a process of balanced consultations (with Javier Perez de Cuellar, Fernando Belaunde, etc.). However, Victor Joy Way, chairman of the Foreign Affairs Committee of the CCD, did have common sense. The creation of an atmosphere of national consensus around the subject can be put in his credit.

—Fujimori has already cancelled his visit to Chile this year. The Chilean Congress will begin a recess in October, while presidential elections in that country will be held in December, for which reason foreign affairs will become a matter of secondary importance for the next three months. It is therefore practically impossible for President Patricio Aylwin to complete the process before the government changeover in March. Yet in 1994 there could well be an agreement on the Convention with Eduardo Frei, Jr.

—The Lima Convention sequence began at the end of 1991, when President Alberto Fujimori ordered the Foreign Ministry to find a final solution to the problem with Chile. To that end a commission was created, headed by former Foreign Minister Luis Marchand, who is an ex-ambassador to Chile, and who at that time was Peruvian ambassador to the Organization of American States; and including Luis Solari, a specialist in the subject; Peruvian Ambassador to Chile Alfonso Rivero; Carlos Fernandez Sassarego; and lawyer Carlos Vidal. At the beginning of 1992 the commission met with Edmundo Vargas Carreno—at that time he was Chilean deputy foreign minister—who initially insisted that the Arica dock management enterprise be Chilean, and that the treaty basically grant freedom of transit.

In view of this position, Marchand recommended the then Foreign Minister Augusto Blacker to postpone the negotiations. Blacker ignored this advice, and decided to travel personally to Chile to raise the possibility of the dock being managed by a private enterprise that could involve capital from Peru, Chile, and third countries, subject to agreement between the sides.

It was later claimed that the Peruvian state was excluded at the initiative of our own country. But Chile has now apparently agreed to the enterprise being formed with

Peruvian state capital, through Enapu [National Ports Enterprise] or Zotac [Tacna Free Trade Zone].

—The Foreign Affairs Committee of the CCD, which is headed by Victor Joy Way, has met with experts like Javier Perez de Cuellar and personalities like former President Fernando Belaunde Terry. This has made it possible for the commission to conclude that the Convention has obviously been improved, that it can be improved further, and that it has several vacuums, like the lack of a tax system and a system of arbitration.

Every Peruvian with common sense wants once and for all to satisfactorily resolve the pending issues with Chile, but the overly optimistic attitude with which Chilean Foreign Minister Enrique Silva Cimma was welcomed at Government Palace in May, before making consultations on the subject, was undoubtedly premature, and helped create an adverse initial reaction.

—The important thing is that now there is a broader atmosphere of consensus about the Convention points that can be improved, which are neither so many as they were expected to be at the beginning of the debates, nor so serious that they cannot be debated with Chile. In addition, all this has not broken the atmosphere of detente with Chile, and has not prevented recognition of the fact that in addition to the Convention, the two governments can—and they must—design joint development plans for Tacna and Arica, which make a geopolitical unit that, for this reason, calls for special treatment from the two governments.

* Progress of Alternative Cultivation Plan in Cusco

93WD0797Z Lima CARETAS in Spanish 12 Aug 93 pp 52B-52C

[Article signed: "PUBLI Reportage"]

[Text] Since 1985, based on a policy focused on alternative development, with financing from the United Nations International Drug Control Program (UNIDCP), the CODEVA [La Convencion Valley Development Agreement] Project has been under way in Cusco Department's La Convencion and Lares Valleys.

The aforementioned project is aimed at maximizing crops typical of the zone, such as coffee, cacao, and annatto, and at consolidating new production lines, such as cochineal Indian fig trees and tropical sheep.

Quillabamba and Lares have produced the coca bush since pre-Hispanic times. Studies based on satellite images and field inspections have identified a cultivated area of approximately 35,000 hectares, in production, due to the radical cutting work ("Cuchupas") done constantly by the campesinos on their coca plantations. Much of the production is intended for the traditional "chaccheo," or chewing. Nevertheless, expanses of crops exceeding the predictable needs have been found, owing to the ENACO's [National Coca Enterprise] limited capacity to curb the increase in planting and marketing the crop (among other factors).

Coffee, which occupies about 40 percent of the cultivated area, is followed in order of volume by coca crops, with 34 percent, and cacao, with 10 percent. Combined, these three crops cover 84 percent of the cultivated area, contributing 70 percent of the gross production value.

The CODEVA Project is engaged in alternative development based on a methodology that establishes a direct relationship with the campesino and his organization. This made it possible, until 1992, to provide service to 4,000 farmers on whom over 20,000 persons are dependent.

The zone's campesinos, for their part, following a historical tradition, have kept their organization running, supported by the Provincial Campesinos Federation (FEPCACYL) and the Agrarian Cooperatives Central Organization (COCLA).

The main objective of the CODEVA is a gradual, voluntary reduction in unauthorized coca planting in the area, and the prevention of expansion with new crops. To attain this goal, an integrated development program is being implemented. Its strategy is based on agricultural-livestock diversification, aimed at substituting for the campesino population's coca income with alternative economic income, thereby preventing their dependence on the former alone.

As is shown in the table, the following crops have been rehabilitated, renewed, and established:

Alternative Production in La Convencion and Lares

Crops	Hectares	Production (MT)
Coffee	2,339	1,535
Cacao	970	439
Annatto(1)	412	165
Cochineal Indian Fig	106	6(2)
Citrus Fruit	341	637
Livestock Raising	Head	Yield
Wool-Producing Sheep	3,200	32

(1)From which bixin, a natural coloring, is obtained.

(2)Carmine, a natural coloring.

Source: UNIDCP Projects, 1993

Furthermore, action is being taken to complement the production process by supporting the marketing of coffee, cacao, cochineal fig, and other products. In the agroindustrial area, the coffee processing line is being modernized in COCLA, a small industry has been implemented for converting cacao into fine paste, and definitive studies are being conducted for the construction of a large cacao processing plant and for the industrialization of fruit, annatto, and yucca starch. Similarly, the management capacity of the trade unions and cooperatives has been reinforced for the construction of their small communal projects, and support has been given for 494 social and productive projects that have benefited 4,485 families.

Finally, as a basic component of its strategy, the CODEVA has been developing an intensive plan to train farmers in business management and organization, including agricultural extension and the training of "campesino leaders." It calls for the provision of technical assistance services to farmers, once the UNIDCP technical and financial cooperation is withdrawn from the La Convencion Valleys.

Mr. Gabino Delgado

Mr. Gabino Delgado Portillo, a campesino leader with many years of experience in the cooperative movement, is currently chairman of the COCLA Central Organization's Board of Administration. COCLA is a second-level agency including over 40 grass-roots cooperatives, and hence one of the most important campesino organizations in the southern part of the country.

In Mr. Delgado's opinion, the backing offered by the United Nations to the Central Organization to develop coffee growing is highly significant. The rural representative explains: "An agreement has been signed for cooperation and technical assistance with the CODEVA Project, which has as a basic component a credit for coffee collection. Since 1988 the UNIDCP has granted COCAL credits amounting to $1.55 million, with which 61,696 quintales of coffee were collected and marketed."

These funds have enabled COCAL to set up its own rotating fund, with a $1.00 tax per quintal of coffee, ensuring the cooperative members of the necessary capital for the coffee production campaigns.

Thus, COCAL and the Cooperative System have been receiving preferential attention from the CODEVA Project, so that they may acquire strength and competitiveness under the present free market conditions.

Mr. Wiese's Statements

The AD/PER/93/749-CODEVA Project, which is being carried out jointly with the INKA Region Government in La Convencion and Lares Valleys (Cusco), thanks to the financing from the United Nations International Drug Control Program (UNIDCP), is promoting development as an alternative to coca growing, substituting for, and preventing the indiscriminate expansion of the latter, which would have disastrous consequences for the area.

The alternative development philosophy is based on the generation of other income enabling the campesino to substitute for that derived from coca, and to become increasingly less dependent on the latter, yet without ignoring its traditional cultivation and uses.

The Third Phase of the project, which began in January 1993, will consolidate the qualitative and quantitative results accrued in previous phases, placing emphasis on the following components:

- Social and economic consolidation of the campesino organizations;
- Promotion of the campesino economy's productive development;
- Long-term maintenance of alternative development in the zone.

According to Mr. Wiese, who is in charge of the project, having worked together with the campesinos, its most important impact is having proven that a productive strategy, combining technical assistance to increase yields from the alternative crops with an efficient marketing and industrialization of the products, makes the latter economically attractive.

The positive results accrued to date indicate that the prospects for the future are highly encouraging.

---

* Shining Path 'Genocide Day' in Ayacucho Recounted

93WR0333Z Lima SI in Spanish 2 Aug 93 pp 32-35

[Text] On 10 Jul of this year in Matucana Alta, La Mar Province, of Ayacucho, Sendero Luminoso [Shining Path - SL] committed one of the cruelest acts of genocide in its history. Six children were killed with machete blows during the massacre. SI has obtained verbal and graphic testimony, as well as a video, providing a detailed account of the horrifying toll from the crime.

Matucana is a little town located in the upper jungle of the Apurimac Valley, an eight-hour journey from Huanta. There were only 60 inhabitants on the day of the genocide. On the aforementioned date, 12 of its settlers, six children and six adults, were slain by a column consisting of 27 Sbining Path members. All the victims except one died from machete blows.

A survivor recounts: "It was about 1745 when we heard several bursts of gunfire and small explosions on the northern side of the town. We had received the instruction that, when Shining Path arrived, we were to run to the woods, leaving everything behind. That is what we did." His statement makes it clear that the residents had no defense enabling them to confront the subversives.

The aforementioned survivor added: "Those living on the northern side could not follow us. Witnesses who were nearby told us that there were 27 attackers, including several women. None of them could be recognized, because they were all hooded. They were carrying long-range weapons and machetes. Twelve of the people who were unable to escape died. Only one, Saturnina Garzon Gomez, was killed by a gunshot wound."

The village's only teacher, Manuel Antonio Olarte Flores, was killed by a machete blow to the head and another in the neck. A witness remarks: "His head was split into pieces." Another adds: "I saw the teacher as he was heading for the gulch to wash his clothes. The poor man had no way of knowing about the Shining Path's arrival. When they saw him, they stopped him with machete blows."

Another victim was Victor Lima Quispe who, with his wife, Roberta Huaman Bautista, and three children, all minors, were murdered with machetes. The killers later burned their dwelling. Based on the video pictures showing them caught unawares, it is also possible that the family members were left wounded and unable to escape the flames. Charred remains discovered there are an example of the extreme cruelty.

One of the daughters of the farmer, Nicolas Rojas, named Tania and aged seven, was also killed by a machete attack while in the house of a neighbor, Guillermo Coras. The neighbor woman, Juana Soto, died from machete blows as well.

As we have already noted, Saturnina Garzon was the only one shot to death. Her two children, aged two and five, were decimated by a clean (or dirty) machete.

The injured taken to Lima include Abinoel Diaz, aged five. Ten meters from his house, as he was running behind his parents, he was grabbed by the Shining Path members, who began kicking him. Then they inflicted three machete blows on his head and one on his nose. He is at the Children's Hospital, as is Sarita Coras, aged eight. She was wounded by a machete between the back of her neck and head, but escaped with Abinoel.

Another little girl confined at the Children's Hospital is Ida Coras, aged four, who was also wounded on the head by a machete.

A different witness remarks: "On that day, they burned the town's 32 houses, and the chapel of the Presbyterian Church of Peru. The congregation of that church consists of 19 persons, including children and adults."

Incidentally, the parents of Juan Mallea Tomailla, a member of the Christian Missionary Alliance accused of being the author of the Cieneguilla maps, belong to that evangelical denomination.

The witness gives details: "They entered the church, and stole the benches and a few things of value, then burned and destroyed it, because it was made of thatch."

Another witness recounts: "The Shining Path took everything they could from the town: cattle, poultry, appliances, and food. They burned anything that was of no use to them."

The attack took place in a political vacuum, so to speak. Matucana Alta was not a focal point of violence. The proof lies in this testimony from a poor campesino woman: "Sendero never reached our zone. For the past six years we were in peace. But now, no one goes out to work in the fields. Only those who have crops close to the town do that. The ones who have crops far away don't."

Then why the treachery? It apparently originated in an attempt to get rid of the patrols that are multiplying in the region. When the Senderists left Matucana Alta, after having occupied it for five hours, one of them was heard to say: "Let's head for Trebuline!" Trebuline is the site of the payment that is demanded of the zone's 12 defense committees.

The Matucana patrol was caught by surprise. The fortified tower in which the patrolmen were on duty was destroyed. The one on guard was Victor Lima Quispe, who fell dead at his post. He was a few meters from his house, which was burned.

There were three shifts: one by day, from 0600 to 1800, with the night divided into two shifts. The campesinos did not have many weapons. The Senderists seized four of the five shotguns that they had. There were also two 16-caliber weapons that the attackers were unable to take.

After their cowardly acts, the Shining Path, inasmuch as they were not intoxicated nor drugged, resorted to a strategy. They began shouting in the direction of the woods where the survivors were taking refuge: "Come, let's put out the fire together!" Of course, the villagers paid no attention to them.

The reinforcements for the neighborhood patrols arrived at 2400, when the attackers had already withdrawn. The first to arrive were those from Trebuline, who had hiked for two hours in the shadows of the upper jungle, which is their habitat. The Army arrived on the next day, to take the wounded by helicopter to Huamanga, for subsequent transfer to Lima.

Navy Demonstrates Skill in Exercise With U.S. Forces

PY2209223993 Lima LA REPUBLICA in Spanish 11 Sep 93 p 17

[Excerpt] Using highly sophisticated weapons and deploying more than 500 Marines, the Peruvian and U.S. Navies yesterday conducted an amphibious landing operation at Las Salinas Bay north of Lima. The operation was part of the UNITAS 34 drill.

During the military maneuvers, in which U.S. and Peruvian Navy units were jointly deployed, the two groups' high level of operational capacity and professional training was clearly demonstrated.

The maneuvers began when a Peruvian Air Force M-18 helicopter flew over the area to be "occupied" by the two navies' troops.

Then the Peruvian Navy ships "Paita" and "Callao" unloaded 12 amphibious BMR units, which comprised the first "assault wave." Their mission was to head to the beach to take enemy positions.

After arriving on the beach, a unit of the Peruvian Navy Special Operations Force (FOES) "destroyed" enemy facilities established at various points on shore. These forces used 60-mm mortars and 81-mm recoilless cannons, as well as 762 machine guns, among other weapons.

The operation was highly realistic and seemed to be a typical modern-war military operation.

According to Commander Alfredo Graham, who headed the operation, the objective was to establish a beachhead to occupy a strategic area during an armed conflict.

He added: "An amphibious landing is the most complex sort of military operation and requires great operational capacity and adequate training of the troops."

During the deployment of the second "assault wave," the Peruvian Navy ships unloaded three LCVP launches. The launches took to the beach a contingent of U.S. Marines [preceding word in English] who definitively occupied the area.

The commander in charge of the operations said: "The objective is to train the troops to destroy enemy communications bases and other facilities."

The amphibious operation concluded with the disembarkation of 12 amphibious vehicles from the stern of the U.S. vessel Whidbey Island.

U.S. Navy personnel and a Peruvian artillery squad went ashore from those vehicles.

Two landing crafts carrying light vehicles and logistical warfare material also sailed into the bay.

After the operation Peruvian Marines exchanged greetings with their U.S. counterparts, many of whom participated in the Persian Gulf war more than two years ago. [passage omitted]

Venezuela

Government Withholds Comment on Russian Situation

PA2209172893 Caracas Venezolana de Television Network in Spanish 1550 GMT 22 Sep 93

[Report by Cecilia Pachano from "The News" newscast]

[Text] This morning, Foreign Minister Fernando Ochoa Antich and President Ramon J. Velasquez reviewed the delicate situation in Russia. In turn, they decided Venezuela would not issue an official statement until the situation becomes clearer. In this respect, they agreed the foreign minister would express the wish of the Venezuelan Government and people that the situation should be resolved through dialogue and in a peaceful manner.

[Begin Ochoa recording] We want to call on all the protagonists in the Russian crisis to understand that a resolution of a problem as delicate as the one taking place in the Soviet Union [as heard], or that has arisen as a result of the end of the communist regime, can only be achieved through dialogue and frank discussions among all segments involved in the crisis. Otherwise, Russia, as it has happened in the former Yugoslavia, will become immersed in a process of violence that will only bring tragedy to the Russian people. [end recording]

The foreign minister also talked to the president about his trip to the United Nations and the positions Venezuela plans to adopt at the international forum. Ochoa also discussed with Velasquez his upcoming trip to Japan in the company of a group of Venezuelan businessmen. He explained these businessmen will cover their own expenses.

Government Ready To Begin PLO Diplomatic Contacts

PA2109230793 Caracas EL DIARIO DE CARACAS in Spanish 17 Sep 93 p24

[Report by Ricardo Gondelles]

[Excerpts] Venezuela is prepared to begin diplomatic contacts with the PLO, but it rules out recognizing it because the Venezuelan Government has traditionally only recognized states, not governments, a Foreign Ministry source has said. The Venezuelan Government has decided that the Palestine situation is not yet clear, which is why the country opted to wait for developments in the strife-torn zone, the source added.

PLO leader Yasir 'Arafat signed an agreement 13 September in Washington with Israeli Prime Minister Itzak Rabin that contemplates the establishment of a Palestinian autonomous government in the territories occupied by Israel. Many countries have welcomed the agreement as a major step toward achieving final peace in the Middle East. [passage omitted]

The Venezuelan Foreign Ministry sent a letter of congratulation to the Israeli Government (headed by Shimon Peres) and to the PLO (led by 'Arafat) in which the government conveyed its satisfaction over the peace agreement signed at the White House and expressed its hope that the peace process in the Middle East would be carried out as planned. Venezuela will wait for the Palestinian people to obtain their full independence, following a transition period, the source stated. So far, the Israeli Government has been opposed to any attempt to create a Palestinian state.

In this respect, the source stated that the Foreign Ministry's Legal Counsel Office is studying the Palestinian case to define a position, because the matter does not pertain only to the PLO as an organization but the whole Palestinian people, who are seeking their sovereignty. "The obstacle would be purely legal, not a lack of desire (on the part of Venezuela) to establish ties with 'Arafat and the PLO and would give them our full support to make negotiations advance," our source said. [passage omitted]

Minister Convenes Air Force Generals After U.S. Trip

PA2209200093 Caracas EL UNIVERSAL in Spanish 18 Sep 93 p 1-12

[Report by Berenice Gomez Velasquez]

[Text] This morning, hours after returning from the United States, Defense Minister Vice Admiral Radames Munoz Leon presided over a special meeting of Venezuelan Air Force [FAV] generals.

There are 35 active brigade and division generals in the Air Force. The minister was received by Division General and General Commandant Freddy Yanez Mendez and his fellow High Command Generals Maglio Montiel Arguello, inspector general; Otto Garcia Rivera, operations commandant; Tulio Prado Fernandez, logistics commandant, and Manuel Andara Clavier, National Armed Forces inspector general.

Although the meeting was held behind closed doors, it was reported that they studied the country's situation, the FAV's role in the joint operations with the National Guard in Amazonas state against illegal gold mining, the FAV's participation in the Republic Plan, and the Force's investment and expenditures consistent with the Paraguas Law resources.

The minister arrived around noon at the Generalissimo Francisco de Miranda Air Base in La Carlota after attending Seconasede's principal event at the presidential palace. He spoke with the military aviators for over two hours and then left for the central litoral to inaugurate 71 homes, part of a plan to alleviate the military housing shortage.

It was reported during the meeting that the DEA did not present any proof against Gen. Guillen Davila and the other National Guard officers accused of drug trafficking and being accessories to this crime. The minister will not make a statement on this matter because his remarks could be misconstrued in the sense that he is interfering with a justice's decision. DEA officials assured the minister and those accompanying him that Gen. Guillen Davila can travel to the United States whenever he wishes and that nothing is being held against him.

Foreign Minister Impressions of Cuban Situation

PA2209205393 Madrid EFE in Spanish 1653 GMT 21 Sep 93

[Text] Caracas, 21 Sep (EFE)—Venezuelan Foreign Minister Fernando Ochoa Antich said today that "people are going hungry in Cuba" but they are facing the situation "in good spirits." He added that for the time being it does not appear that Fidel Castro will be removed from power in the near future. "Cuban leadership does not seem broken," Ochoa Antich said at a news conference with foreign correspondents in Caracas during which he reported on his recent visit to Cuba and on the island's economic and political prospects. Ochoa added that he is "optimistic about Cuba but not about the Cuban regime." One of the "negatives" Ochoa Antich found in the Cuban system is the "Fidel Castro personality cult," which he compared with that of Marshal Josip Broz Tito in the former Yugoslavia.

The Venezuelan foreign minister said in reference to the incipient economic reforms being implemented by Castro's government that "the current Cuban economic model is not viable." He pointed out that Cuba's great mistake was to link its development to the East-West confrontation that culminated with the USSR's disappearance. One of the problems Cuba must resolve in its current phase is how to reconcile its statist economic structure with its current open attitude toward capitalist models, without having the capital to finance such fundamentals as technological development in farming, he added. The people will increasingly demand further reforms. It is a historical fact that leaders who stay in power are those who understand changes in their societies, the Venezuelan minister said. "It is impossible to have economic reform without political reform," Ochoa Antich said, although he noted that Venezuela's position is that "the Cuban people alone must decide their future."

Regarding relations between Cuba and the United States, Ochoa said these two countries must understand that "they are not enemies," which is a basic prerequisite for dialogue between the two nations. Ochoa Antich hinted that there are positive signs of progress in Cuban-U.S. relations because during his recent trip to Havana he heard that "a midlevel delegation from the U.S. State Department was in Cuba." Castro must understand that his ideas cannot remain unchanged and the United States must understand that its positions do not have to be widely shared, he said. Nevertheless, Ochoa Antich admitted that there are still "great tensions between Cuba and United States."

He pointed out that one of the goals of his trip to Cuba was to reactivate negotiations with the Cuban regime to settle the $45 million debt it has with Venezuela. During this visit we managed to "restart the negotiations which were deadlocked for the past year due to the opposing positions of the Venezuelan Central Bank and its Cuban counterpart." Venezuela expects Cuba to settle its debt for oil supplies and other exports through financial payments, while the Cuban Government has proposed payments through commercial transactions.

Regarding the possibility that Venezuela may supply oil to Cuba, Ochoa Antich pointed out that "there's no political message in the sale of Venezuelan oil." Oil sales are negotiated only under strict commercial conditions through Venezuelan Petroleum and in accordance with international market guidelines. Venezuela views the sale of oil as a business, and crude oil can be supplied to Cuba only from that perspective, the foreign minister said.

Velasquez on Border Problems, National Security

PA2209142593 Caracas EL DIARIO DE CARACAS in Spanish 18 Sep 93 p 25

[Excerpt] President Ramon J. Velasquez believes the National Border Council should be reinstated "because border problems now represent a burden on (the country's) sovereignty and defense which did not exist in the past." He also said the Foreign Relations Advisory Commission chaired by Efrain Schacht Aristigueta must play an advisory role in international affairs. Velasquez stressed: "These organizations have the experience and include various views from all of the different political and ideological groups, which can set the course the country needs to follow."

Velasquez made these remarks while presiding over the ceremony to mark the 16th anniversary of Seconasede [expansion unknown] in the Ayacucho Room at Miraflores Palace. During his speech he said, "if there is an issue that is causing more and more concern, it is the issue of security and defense of the Republic," its institutions, and the very character and identity of the Venezuelan people. Velasquez added: "Venezuela is like a magnet that attracts everyone. People come here via every possible route. They are welcome, but the state must unavoidably exercise maximum control over all these additions to our the population."

Velasquez also said the state "must reaffirm its Venezuelan personality," particularly when the integration process begins to gather strength. As an example, he cited the situation prevailing in the EEC, where integration conflicts have prompted European nations to defend their own traditions and characters. [passage omitted]

* Caracas Governor Explains Budget Problems

93SM0400C Caracas EL NACIONAL in Spanish 7 Aug 93 p D2

[Text] The capital city's financial situation for this year and the next is rather bleak, due to an accumulated deficit that by 31 December 1993 will reach 9.6 billion bolivares, and shortages in the 1994 budget will be on the order of 6 billion bolivares.

This information was provided by the governor of Caracas, Cesar Rodriguez, who met with members of the Finance Committee of the Chamber of Deputies to study and draw up the financial plan of the Federal District for 1994.

The governor pointed out that 90 percent of the budget goes for wages, salaries, and contractual obligations, which explains why an estimate of income and expenditures is very rigid and inflexible, to the detriment of the health, security, education, and cultural areas, representing the needs of the community.

In order to strike a financial balance in the Federal District administration, Rodriguez is seeking ways to make the budget more flexible.

In the first place, he is seeking an increase in the capital's subsidy, which is authorized because Caracas is the seat of government.

He went on to explain to the congressmen the extent of the process of restructuring that has begun in the Federal District with the idea of reducing the employment rolls from 45,000 to 22,000 employees. However, in order to do that, 25 billion bolivares is required to pay for social benefits. He said that a request for funds has been made to the Venezuelan Investment Fund, to obtain an advance payment and conclude this program in the space of five or six years.

As to a possible strike by the public service sectors, Cesar Rodriguez admitted that, given the serious economic situation of the Federal District administration, it was necessary to be open and honest regarding the conditions facing us.

Extraordinary and coordinated efforts are being made together with all the economic organizations that this not happen. Nevertheless, if the situation continues over time, it must be admitted that collapse would be inevitable.

He stated, however, that in earlier conversations with the labor unions, trade associations, and groups in contact with the administration, it appeared that no important problems would arise, but the moment will come when the situation can no longer be postponed, because "we will have reached our limits." He went on to say that "great efforts have been made to include in the 1994 budget all of the contractual commitments for the coming year, but the deficit will not be completely overcome."

Therefore, this is a decision of state that can no longer be postponed, and is the reason for having these conversations with the Finance Committee in order to resolve the problem facing us.

The governor also pointed out the difficulties experienced in the security sector, which includes the Metropolitan Police and the Fire Brigades. With regard to the Metropolitan Police, he said that in Caracas at present there are 11,000 police officers, but that 30,000 are needed. This means that, because of the patrol system used by the police, at a given moment there are only 3,000 officers for the entire city while 10,000 are needed during that period. For this reason it is absolutely necessary to increase the number of police positions by 19,000, which will be very costly.

* Fesilven, Sidor Heads on Restructuring Process

93SM0400B Caracas EL NACIONAL in Spanish 4 Aug 93 p E8

[Article by Adriana Cortes]

[Text] Although the privatization of Fesilven [expansion not given] has been discussed for weeks, it seems that things are not as absolutely clear as was believed because it will not exactly be a sale, as had been stated, but rather a process of strategic associations, as its president, Rafael Pena, announced yesterday.

During the seminar that was organized for the press by the Central Information Office and the Venezuelan Corporation of Guayana, Pena pointed out that Fesilven is not in dire financial straits, but that it requires substantial investments to improve furnaces one and two, and to finish building furnace number four, all of which will cost close to 3 billion bolivares. Association with the private sector evolved because of this requirement, but only regarding the furnaces.

Pena's position is that a significant percentage of the firm would continue under state control. The Fesilven shares that would be given to domestic or foreign entrepreneurs would be to assure their representation on the board of directors, as well as to assure the supply of iron silicon, so that the furnaces mentioned would be able to operate. These furnaces would, in fact, be owned by the private sector.

Rafael Pena pointed out that this arrangement is not in conflict with the process of privatization, although he preferred to call it strategic association, because what is important is the change of organization, as they do not want to be closed to private ownership. Pena repeated that they hope to be "out of trouble" by September 1993. He did not exclude the possibility that private owners might control the majority of the shares.

"Basically, it is more or less the same thing," said Pena, "but the important aspect of a strategic association is that we find useful associates, that is to say, who not only bring money, but technology, management, and markets."

Other speakers, such as minister of the CVG [Venezuelan Corporation of Guayana] Francisco Layrisse, had said that Fesilven would be totally privatized, without noting exceptions.

The president of Fesilven estimates the firm's earnings for 1993 at 98 million bolivares that, although small, is significant since losses were registered in 1992, and future earnings will depend on the flow of investments. All this in a situation in which current prices are quoted at $520 per ton.

As for debt, long-term foreign debt is about $30 million, a perfectly manageable amount according to Rafael Pena as, even in a pessimistic scenario, the firm would generate a minimum of $45 million.

Restructuring Sidor [Orinoco Iron and Steelworks]

With regard to the reconversion and restructuring of Sidor, its president, Angel Barreto, said that, to cite an example, in 1989 Orinoco Steel Company earned 943 million bolivares, as compared with a projected figure for 1993 of 3.645 billion bolivares.

As for available cash reserves, in 1989 these registered a negative figure of some 544 million bolivares, while this year the figure is positive at 12.740 billion bolivares.

These results were obtained due to an increase in installed capacity, improved unit cost of production, and better service to clients in several respects.

Barreto said that Sidor, from its own resources, had paid the Finance Ministry about 9.3 billion bolivares in 1992, while this year tax payments will be 11 billion bolivares. The firm would retain cash reserves of more than 12 billion bolivares.

Barreto repeated that despite these economic gains, the firm needs new investments to improve its competitiveness, but it is clear that state funding will not be used. In all cases, strategic associations will be sought that will allow Sidor to meet its objectives without jeopardizing its assets.

* Chavez, Arias Interviewed in Yare Prison

93SM0400A Caracas EL NACIONAL in Spanish 6 Aug 93 p D8

[Report of interviews with Hugo Chavez Frias and Francisco Arias Calderas by Alberto Cova]

[Text] "It is a mistake to prefer a military solution to the crisis when important changes are taking place in the country and in the world. We must move toward an improved civic awareness and participation. The people must seize the moment of history in which they are living, and leaders must be attentive to change in order to set new standards for the good of the country."

These remarks were expressed by Major Francisco Arias Calderas during an interview conducted in the military annex of the Municipal Jail of San Francisco de Yare, where he is imprisoned, along with other officers who participated in the uprising of 4 February 1992.

Major Arias has been in the news recently because of his inclusion in the slate of Cause R for the senatorial elections of the State of Zulia. When we asked him about the situation, Arias replied by referring first to the new conditions created in the country following the attempted coups of 1992.

"After the political and military unrest that we experienced in 1992, people regained their confidence and their potential as a social force. That was the great triumph of 4 February. The consequences of that victory can be measured by the chain of events that followed. The Supreme Court of Justice redefined its role. Carlos Andres Perez left office and then came a transcendent event for the Armed Forces, which was the arrest order issued for the commander of the Air Force. This is the victory on the basis of which we must work, and not on the basis of defeat. Sometimes I think it was fortunate that we did not seize power on 4 February, because although we had a well intentioned program, there existed the danger of imposition from above, by force."

[Cova] And what is it that has changed so that now you want to participate in the electoral process with Cause R?

[Arias] What happened is that after the events of last year, possibilities have emerged that provide access to power via the electoral process. There are several options based on different programs. I see a possibility different from that of AD [Democratic Action] or Copei [Social Christian Party]. Even Caldera has worthwhile ideas in the economic field. These situations represent a departure from the two-party system. As for Cause R, I believe them to be courageous people who have maintained their positions.

Velasquez May Grant Retirement but not Dismissal of Charges

Arias said that he has requested retirement from the Armed Forces to be able to be a candidate for the National Congress for Cause R. This is how he has presented it to the minister of defense and the commander of the Army, and he has requested a meeting with President Ramon J. Velasquez. According to Major Arias, the Military High Command has not taken a position on his retirement request, but he is sure that they want to resolve the problem.

"They will do what the president of the Republic says, but he has not yet reached a decision," said Arias.

As for the possibility that prosecution for the crime of military uprising might be dropped, Arias said that he has his doubts about a presidential pardon.

"Some things have changed in the country with the new government, but not having reached a decision on the use of La Casona and other prerogatives of Carlos Andres Perez raises doubts about the president. I think that they intend to balance the dismissal of the charges against us and the imposition of the new taxes that have been announced."

I Do not Want To Be a Symbol nor an Angel From Heaven

[Cova] Are you not afraid they will say that prison has made you soft?

[Arias] I am not concerned with what they might say, I just want to be at peace with my conscience. I do not want to become a symbol. I believe that what is needed in times like these are men who are ready to take a risk or make a mistake. The changes have to be made by us Venezuelans, not by angels from heaven, this is why I am assuming my responsibility as a man. My actions are neither treasonous nor foolhardy. Any solution must emerge from consensus and the participation of the citizens in general.

[Cova] What would become of your relationship with the Bolivarian Movement if you supported Cause R?

[Arias] I have retained all my principles and standards. By supporting Cause R, I remain loyal to Bolivarian beliefs. I intend to maintain an independent position and I will never be a mere follower in Cause R. We are all playing possum here, no one wants to do anything until the end of the presidential term. We cannot wait for the military to take their weapons out from under their pillows. We have to keep in mind that the Armed Forces are the arm of the government that has weapons. To be apolitical is a permanent feature of the Armed Forces. If they had a progressive social conscience, they would not have fired on the people as they did on 27 February, 4 February, and 27 November. The professional Armed Forces, aware of the need for national redemption, must not allow themselves to continue to be used, must no longer permit robbery. This is the problem of those Armed Forces that must stay at the side of the people.

[Cova] What do you think of the situation in the country?

[Arias] The crisis is getting worse. The fiscal deficit is undeniable, as Uslar Pietri said, the country is bankrupt. It is not possible that they intend to meet the foreign debt obligations at the cost of public hunger. The reality can no longer be concealed, nor can they keep things from coming out. We have a social crisis, distrust, and lack of leadership. The subjects of discussion for the election are so important that they could bring us to a social explosion.

Chavez the Stubborn

It was easier to pass through the strict access controls of the military annex at Yare than to enter Major Hugo Chavez Frias's room to ask him a few questions. Not that he was reluctant, because he was receptive from the start, but because of the number of people who wanted to see him and speak with him. We had to get on line at the door to the major's room, visits to whom, ironically, are prohibited by orders from above.

"This is a punishment for the family, not for the prisoner," said Chavez, referring to the prohibition of visits that was imposed on him.

"As you can see, many people come here to visit my comrades, and they visit me, too. The only ones who cannot enter are my family, a ridiculous punishment that is only meant as harassment."

[Cova] Major, how do you evaluate the country's political situation after 20 May, when the Supreme Court found sufficient reason to place President Perez on trial?

[Chavez] MBR-200 [Mobile Reconnaissance Battalion 200] warned the country of the false solution represented by the appointment of Ramon Velasquez by the heads of the political, economic, and military establishments. By simple historical intuition, we could not expect that an agreement among power cliques would benefit the people. When did this country ever see an agreement among the top leadership that favored the majority? This is a government that started badly. It is like a tree that grew up twisted. For the sake of the country's peace, I hope that this government of transition can straighten out its branches.

The Country Should Be Declared in a State of Emergency

[Cova] Why do you say that the government got off to a bad start?

[Chavez] For reasons that are apparent. In the first place, there is the suspension of Jose Vicente Rangel's program, which was a decision by the military high command, especially of Ivan Jimenez Sanchez. This was done on instructions from Carlos Andres Perez, who continues in Miraflores. They intend to continue with the embalmed cadaver of Perez in La Casona.

Other proof that we began badly is the indiscriminate repression that continues unchanged. We have seen how the demonstrations, including those of the elderly who are petitioning for their rightful pensions, have been brutally attacked by the police. Furthermore, what they are doing with the so called Operation Disarmament is to punish the people in the barrios with repressive operations that accomplish nothing.

And so that no doubts remain that the new government got off to a bad start, we have the Special Powers Act, by which Congress intends to evade its responsibilities. How can the National Congress possibly abandon its legislative function? Rather, Congress should declare itself in an emergency situation, the country should be declared in an emergency. The Special Powers Act seeks to protect the political groups cloistered in Congress from having to face the chaotic situation and leave it to Velasquez. Afterward, they will emerge with their hands well washed, saying: that is not our responsibility.

Elections and Violence

[Cova] What is your position regarding the coming election?

[Chavez] For the Bolivarian Movement, the decision is not to support any candidate. Rather, following the policy of 4 February, we believe that the fraud that is being prepared must be exposed. Not that we are against elections. In our oath we say "popular election," from the words of Ezequiel Zamora. We believe that the political system must express itself, but this election was designed by the present system in its image and likeness, and this is a fraud for Venezuela. We cannot allow the people to fall into apathy, we must have change as our banner to build a new kind of country.

[Cova] What do you think of the decision of Major Arias to support Cause R?

[Chavez] I believe that, while these people may be well intentioned, they have been caught up in the machinery of power and are legitimating it, adapting themselves to the rules of the parties of the status quo. Take the reform of the Suffrage Act that is tailored to their measure. As honest as they may be, the people of Cause R will not be able to break down the structures nor establish a program for profound change. The position of Major Arias is worthy of respect. If he says he supports Cause R, he is to be respected for it. But the Bolivarian Movement has nothing to do with that support. The Bolivarian Movement continues with its banners of change and believes that the elections will change nothing.

[Cova] Then we are entering a dead end street?

[Chavez] This reminds me of the Bolivar of Garcia Marquez, who asked himself how to get out of the labyrinth. There seem to be no exits. In view of the unclear situation that surrounds us, the Bolivarian Movement has a long-term plan, the Simon Bolivar plan. What is the solution? In the short term, no one knows. But what is certain is that the elections are not a solution. This must be said loudly and with conviction. Will there be violence? I do not know. But even if the best person wins in the elections, the situation will get worse if measures are not taken to deal with poverty.

[Cova] What are the Bolivarian Movement's prospects?

[Chavez] I have no doubt that the Bolivarian Movement is at the peak of its strength in every sense. In some documents, we have spoken of the need to conquer new territory. The popular forces have been occupying positions at all levels, including the military. There have been and there will continue to be reorganizations in the Bolivarian Movement. One sees it here in the number of people who come to visit. We know that the position is strong in the military sector. There is an old military axiom: one loses the battle but not the war. We fought for 10 years in the barracks, and the seeds are planted in the body of the Army. The country does not know what is in the Army or in the Armed Forces. There is a force present that is going to express itself if the political establishment does not give way. Sooner or later it is going to express itself. The Bolivarian Movement is the manifestation of a wave that is going to sweep over all of Latin America. It is a demand of history. We military officers cannot continue to be isolated from reality. It cannot be that while thousands of officers remain in their barracks, children are dying of hunger, and poverty is increasing throughout Latin America. In the face of such ignominy, it is time for the military to stand up and demand change and sovereignty.

[Cova] What do you think of the return of coup rumors?

[Chavez] The situation is so serious in Venezuela that anything is possible. There is a regrouping of the most regressive forces, of which the commander of the Army is part, that could lead to a coup, encouraged by Carlos Andres Perez.